OFFICE OF NATIONAL RECOVERY ADMINISTRATION

DIVISION OF REVIEW

THE MILLINERY INDUSTRY

By
James C. Worthy

WORK MATERIALS NO. 53

INDUSTRY STUDIES SECTION
March ,1936

OFFICE OF NATIONAL RECOVERY ADMINISTRATION

DIVISION OF REVIEW

THE MILLINERY INDUSTRY

By
James C. Worthy

INDUSTRY STUDIES SECTION
March, 1936

F O R E W O R D

This study of "The Millinery Industry" was prepared by Mr. James C. Worthy of the Industry Studies Section, Mr. M. D. Vincent in general charge.

The study as originally conceived was both broader and narrower than the final product: broader, in the sense that it was to cover all the headwear industries; narrower, in the sense that it was to treat only certain aspects of these industries.

Review of the preliminary draft in which this plan had been followed disclosed a relative abundance of material on the millinery industry and an inadequacy of readily available data on the hat and cap industries. In the final draft, therefore, an attempt was made to treat comprehensively the millinery industry, leaving other branches of the headwear industries to future investigators.

The millinery industry is an especially attractive laboratory. It presents most of the characteristic features of the apparel industry group - strongly influenced by style, highly unstable, maladjusted in its distributive relationships, etc. Its code problems were equally characteristic, particularly with respect to multiple wage minima. These problems are readily susceptible of analysis because of the small size of the industry and the results of the present analysis are largely valid for an important industrial group.

The author of this study was intimately associated with the formulation and administration of the Millinery Code during the entire N.R.A. period.

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.

TABLE OF CONTENTS

9749

Chapter II

THE MILLINERY CODE

CHAPTER III

ADMINISTRATION OF THE CODE

APPENDICES

9749

SUMMARY

The millinery industry is more important for what it represents than for what it is. In value of product and employment it accounts for less than half of one percent of all manufacturing industries, but because of its size it is readily studied, and the rewards of any such study are in excess of what might be expected from an industry so small.

In the first place, millinery is the typical apparel industry. Certain fundamental characteristics of the group are well displayed in certain industries and other characteristics in other industries. But millinery, with the single exception of contracting, admirably displays them all. A study of this industry, therefore, makes possible a set of conclusions which are largely valid for a sizeable industrial group.

In the second place, the millinery industry affords a composite view of the whole range of industrial evolution. Millinery is still produced in the home, sometimes for personal consumption, sometimes for sale in a limited market. Up until the turn of the century such millinery as was not produced in the home was manufactured almost entirely on a custom basis. The factory system did not become an important element until after 1910, and as late as 1929 the custom milliner accounted for about a fourth of the value of all production. Almost three-fourths of all millinery is still produced in the primitive factory stage, although in recent years there has developed a tendency for cheaper grades to be manufactured on a mechanized, mass-production basis--not in the millinery industry proper, but in the knitted outerwear industry. Goods so manufactured, however, do not at the most account for more than three or four percent of the entire output.

The evolution of the industry has been retarded by the influence of style. The product, because of its individuality and rapid changes in fashion, does not lend itself to large-scale production. Only in the very cheapest lines, where style is at a minimum, can the mass technique be used, and the more expensive lines are still manufactured at the custom stage. Little may be expected in the way of further development so long as style and individuality play such an important part in consumer demand.

The factory stage, with which this study is primarily concerned, is represented by about 1350 firms, employing an average of about 22 workers each. Management has not been separated from ownership; enterprise and responsibility are overwhelmingly personal. There is no great division of labor and the worker still approximates the craftsman. Machinery is elementary and a minimum capital investment is required. Entrace into the industry is simple and many workmen shuttle back and forth between management of their own enterprise and employment in another's.

The industry is a survival of economic individualism, existing miserably and precariously in a world of collectivism. The economic mobility which formerly characterized small scale industry has given way to economic instability. In all its relations in the market the industry must deal with large scale enterprise--large at least as compared to millinery. Raw materials must be purchased from a handful of houses and about 60 percent of the finished product reaches the ultimate consumer through half a dozen buying syndicates. Between these upper and nether millstones 1350 manufacturers fight desperately for their economic existence. The industry labors under the weight of a fundamental economic maladjustment.

"Cut throat" is a mild term when applied to the competition existing in this industry. Possessed of little individual bargaining ability, manufacturers have no control over their own prices--let alone the price structure of the industry. They are forced to take what they can get from their distributors, and forced to pay for their materials what their supply houses dictate. The producer is fortunate if he can cover his costs of production. The rate of industrial mortality--about 20 percent per annum--indicates that in many instances he does not.

The whole situation has been intensified by a catastrophic decline in prices. Dollar volume fell off by more than 60 percent between 1927 and 1933, employment by about 33 percent, and payrolls by about 54 percent. Lower prices are a result of simplified styles requiring much less material and workmanship, changes in the general price level, the economic depression, and the diversion of consumer income into other channels. Desirable and socially beneficial though lower prices may be, they have in this case seriously impaired payrolls and employment, alarmingly increased industrial mortality, and, above all, aggravated a fundamental maladjustment.

NRA had to deal with a desperately sick industry in the summer of 1933. Relations with distributors had reached an all time low. Manufacturers' prices had been cut to the bone, discount rates were exorbitantly high, and the industry was forced to accede to unwarranted return and cancellation privileges, secret rebates disguised as advertising allowances, wasteful production schedules, and other concessions which it could ill afford to bear. The ultimate burden, of course, was largely borne by labor, and where workers were protected by collective agreements, business shifted to non-union centers and the product was manufactured under sub-standard conditions. Unemployment increased by leaps and bounds, wage rates were slashed, and increasingly severe seasonal fluctuations still further impaired annual earnings.

Desperate problems demanded desperate remedies. Ordinary code provisions had no significance for this industry. Instead of a simple minimum wage, detailed occupational minima were imperative; a forty-hour week would have made no appreciable impression on unemployment; distributive problems arose from much more vexing circumstances than occasional lapses from ordinary commercial morality. But agreement on such drastic measures was difficult because of the extreme degree

of disorganization. Even when, after four and one-half months of bitter struggle, a majority agreement had been reached and a code had been approved, administrative difficulties still remained and were never satisfactorily solved. Nevertheless, the Millinery Code was highly successful. An element of stability was introduced by the equalization of labor costs of production through the establishment of detailed occupational minima. High labor standard markets could no longer be penalized by low, and the price structure became more stable than it had been in years. Wage rates advanced 71.3 percent over their previous levels, and average weekly earnings 33.4 percent. Maximum hours were set at 37½ (later reduced to 35), average man-hours were reduced by 30 percent and employment was increased by about 6 percent.

On the trade practice side, the manufacturer's bargaining abilities in his distributive relations was improved by the establishment of maximum discounts, the prohibition of advertising allowances and of unwarranted cancellations and returns, the elimination of consignment selling, and the curtailment of other uneconomic concessions. Such measures were extremely difficult to enforce, but their mere existence provided moral support for manufacturers wishing to comply.

So far as consumers were concerned, the principal concomitant of the Code was a 6.8 percent average increase in prices. This increase was a result partly of increased labor and material costs and partly of an increased demand for higher priced millinery. It was, however, by no means excessive, nor nearly so great as that occurring in other industries with less justification.

Since the invalidation of the Code, the industry has relapsed into its old condition. Manufacturers outside New York City have largely abandoned the 35-hour week and most non-union markets no longer maintain the minimum wage standards of the Code. The tendency for business to shift from high to low labor standard markets has again set in. Distributive relations are as bad as they ever were and the bankruptcy rate appears to be on the increase.

The industry as a whole would like a return of NRA. That seeming for the moment impossible, it is turning to its own brand of self government. There has just been established in New York City a "Millinery Stabilization Board", composed of three impartial members, which will administer a voluntary code now pending before the Federal Trade Commission. Similar agencies will soon be established in other markets. The shortcomings of this technique are many, but it offers the only present possibility of dealing with the industry's problems. (It will be noted that these Boards are an interesting combination of three ideas: the old impartial machinery, the code authority, and the Special Millinery Board.)

So long as its basic maladjustment exists, there is actually very little which may be done for the millinery industry. The Code accomplished as much as was practically possible within the limits of the Recovery Act. At best, however, it was little more than a palliative. It did not and could not touch the fundamental problem. How-

ever, what the industry has been unable to achieve by normal evolutionaly processes, it may conceivably achieve--partially at least and possibly to a substantial degree-by the development of cooperative buying and selling organizations. Such cooperatives would not concern themselves with production as such but would centralize the buying of raw materials and the distribution of the finished product, returning to the industry the control over such functions it has lost to the great supply houses and to the buying syndicates. Without such control, little can be done in the way of improving conditions.

A C K N O W L E D G E M E N T S

The assistance of the following persons in the preparation of this study is gratefully acknowledged:

Mr. M. D. Vincent, Coordinator, Industry Studies Section, with whom the original project and the more important phases of the completed study have been discussed in detail and whose advice thereon has been invaluable;

Mr. Joseph E. Brodinsky, of the N.R.A. staff, who prepared the original draft of the section of "Organized Labor";

Mr. A. H. Barenboim, of the N.R.A. staff, who prepared the original draft of the section on "The Special Millinery Board";

Mr. Max Zaritsky, President of the United Hatters, Cap and Millinery Workers International Union, who kindly made available to Mr. Brodinsky the files of his organization;

Dr. Paul Abelson, member of the Special Millinery Board and veteran impartial chairman, who supplied Messrs. Brodinsky and Barenboim with information relative to the activities of the Special Board and the Millinery Adjustment Board of New York City;

Mr. George V. Brown, Secretary of the Special Millinery Board, who, at much personal inconvenience, compiled for Mr. Barenboim data on the activities of the board;

Mr. Joseph Lipshie, Confidential Agent of the Code Authority, who supplied the author with much of the statistical data on which this study is based;

Mr. O. W. Pearson, Administration Member of the Code Authority and Executive Secretary of the Millinery Stabilization Board, who has kept the author in constant touch with developments in the industry since the invalidation of the Code;

Mr. Joseph Helfer, Executive Secretary of the Women's Headwear Group, who furnished data on recent tendencies within the industry;

Miss Florence Fitch and Mr. A. C. Johnston, of the N.R.A. Trade Practice Studies Section, who supplied information useful in the preparation of the section on "Style Piracy";

The N.R.A. Statistics Section, which assisted in preparing and checking the statistical data presented; and

Misses Nellie Spink and Ruth Loritz, who stepped into the breach created by personnel reductions and gave much of their personal time during the last three months to typing, editing, and otherwise physically preparing the final draft of this report.

But principally, a debt is owing to Mr. Max Meyer and to Dr. Paul F. Brissenden. Mr. Meyer's assistance was none the less valueable because it was indirect. If the author may pretent to have any understanding of this industry, it was largely acquired through long days and evenings of discussion with Mr. Meyer. His keen insight and philosophical perspective have been invaluable supplements to the factual knowledge gleaned from other sources. Dr. Brissenden, of Columbia University, the Millinery Stabilization Board, and the N.R.A. Labor Studies Section, though operating already under an exceptionally heavy schedule, was kind enough to read the manuscript in its entirety and to discuss at length its more important aspects. The study has profited much by his assistance.

Finally, a special debt is owing to Dr. Broadus Mitchell, of Johns Hopkins University and the NRA staff, who did not confine himself to his simple duties of review, but, by friendly encouragement and counsel, assisted materially in the preparation of the entire study.

CHAPTER I

THE INDUSTRY

CHAPTER I

THE INDUSTRY

I. DIVISIONS OF THE INDUSTRY

A. THE HEADWEAR INDUSTRIES

1. Size and Scope

The headwear industries are an integral part of the apparel industries group and present most of the features characteristic of that group. In terms of value of product and number of wage earners, they are only exceeded, within the apparel group, by the women's clothing, the men's clothing, and the knitgoods industries. (*) The headwear industries account for the production of practically 100 per cent of all headwear, of whatever type, form, or style worn by the entire population of the United States. The only headwear used in this country which is not produced by these industries are the comparatively insignificant quantities imported from abroad or produced by related apparel industries in this country. According to the Federal Census, the headwear industries in 1929 were composed of 2,243 establishments, employing 62,800 workers, and producing products to a total value of $387,565,231. In this same year, these industries distributed $82,099,340 in wages, and purchased materials, containers, fuel, and electrical energy from other industries in the amount of $201,369,646. Value added by manufacture for this year was $186,195,585. (**)

To this census data must be added what data are available on custom millinery manufacturing, millinery manufactured by the knitted outerwear industry, and various types of headwear manufactured as secondary products in other industries. (***) Inclusion of these data brings the total value of product to something in excess of $465,000,000. Assuming that the ratio between value of product and number of wage earners and total payrolls remains fairly constant we may conclude that the headwear industries in 1929 gave employment to approximately 75,000 wage earners and distributed in wages close to $100,000,000. The total number of establishments involved was in the neighborhood of 6,000. (****)

(*) For a detailed comparison of the Headwear Industries with other apparel industries and with all manufacturing industries, See Table 1.

(**) See Table 2

(***) See footnote (c) to Table 2

(****) See discussion under "Custom Millinery"

2. Principal Branches.

The headwear industries are divided into four principal branches: millinery, men's hats, caps and cloth hats, and subsidiary products. Each of these may be further subdivided according to type of product, method of production, and method of distribution. While each of these four principal branches, and, to a somewhat lesser extent, each of the subdivisions of such branches, present a variety of conditions and problems peculiar to itself, all of them have much in common and for certain purposes may be considered as a single industry. The term "headwear industry" or "industries" as it occurs in this report will be used to include the four branches noted above and all subdivisions thereunder. For simplicity of reference, however, the designation of "industry" will also be applied to each of these branches and, to an extent, to certain of the more important subdivisions.

Table 3 gives the relative importance of each branch. Somewhat more than half of the total value of products is produced by the millinery branch, a little less than one-third by the hat branch, and less than one-tenth each by the cap and cloth hat and the subsidiary branches.

(a) The Millinery Industry.

The millinery industry consists of the manufacture of women's and children's trimmed hats, the manufacture of millinery on a custom basis, and the manufacture of millinery by the knitted outerwear industry. Strictly speaking, all such headwear is "trimmed", the designations here employed being those of the Census which are adopted for purposes of presending the available statistical data. For purposes of convenience, also, the manufacture of infants' headwear has been considered as a part of the millinery industry. This procedure is followed more because there is no other catagory to which this type of product may be assigned than because it bears any real relation to the millinery industry proper.

Table 4 indicates the relative importance of the various classes of millinery products. Those products designated collectively as "trimmed hats," (being the only products subject to the Millinery Code) accounted for the three-fourths of all millinery produced in 1929. Within this group, the most important catagory is designated in Table 3 as "other trimmed hats", accounting for about one-third of all production. These "other" include primarily trimmed hats made of straw and various textile fabrics, chiefly silk and velvet. Of the two types of trimmed felt hats, wool-felts are considerably more important than fur-felts, the exact opposit of the situation obtaining in the men's hat industry. About a fourth of the value of all millinery products is attributable to the custom branch of the industry.

(b) The Hat Manufacturing Industry.

The principal products of the hat industry are (a) straw hats and other summer headwear (except caps), for boys and men, including harvest hats, (b) silk or opera hats, (c) fur-felt hats (including renovated hats), (d) fur-felt hat bodies for men's and women's hats, (e) wool-felt hats, and

(f) wool-felt hat bodies for men's and women's hats. The most important products are fur-felt hats, which in 1929 accounted for three-quarters of the total value of all products. Straw hats and other summer headwear, the next most important group, accounted for less than one-fifth of the total value of products, and wool-felt products for less than a one-tenth of the total value. These comparisons are set forth in detail in Table 5.

(c) The Cap and Cloth Hat Industry

The principal products of the cap and cloth hat industry include uniform caps, aviation caps, hunting caps, helmets, sport and golf caps, baseball caps, shop caps, railroad caps and various types of cloth hats made from woven fabrics. (*) The cap and cloth hat industry is more closely related to the cutting-up apparel trades than any other branch of the headwear industries. In the millinery industry, the essential process is the manipulation of materials. The hat industry is built up around the processes of felting wool and fur and blocking fur-felt, wool-felt, and straw bodies. The essential processes of the cap industry, on the other hand, are cutting and sewing. Materials are cut either by hand or by machine and sewed on sewing machines, much as is the case in the principal apparel industries.

(d) Subsidiary Headwear Industries

Closely related to the several principal branches of the headwear industries is a group of minor industries supplying various types of semi-processed raw materials. Catering to the millinery industry are manufacturers of artificial flowers and feathers, hat frames, hat linings, millinery braids, millinery trimmings, and other miscellaneous millinery products. Catering to hat industry exclusively is the hatters' fur cutting industry, and to both the hat and the cap industries are manufacturers of sweatbands, hat linings, cap fronts and other miscellaneous hat or cap products. The values of these various products are set forth in Table 8. Many establishments engaged in the manufacture of men's hats, and to a lesser extent establishments engaged in the manufacture of millinery and caps and cloth hats, also manufacture one or more of these subsidiary products, principally for their own consumption but also to some extent for sale. Thus, the output of these subsidiary industries does not represent the entire production of subsidiary products.

3. Vertical and Horizontal Integration.

The various branches of the headwear industries are integrated to some extent, both horizontally and vertically. For instance, there are a number of large manufacturers of men's headwear who also manufacture a considerable volume of both millinery and caps. These same establishments also manufacture, for their own use, most of the products listed above as subsidiary. Many members of the millinery industry, particularly those producing in the higher price ranges, manufacture their own feathers, linings and other materials. The manufacture of hats and

---

(*) See Tables 6 and 7

semi-processed materials necessary to the production of the finished article were at one time a single industry. With the development of specialization, separate establishments grew up for the purpose of producting only the subsidiary product.

4. The Headwear Codes.

Although each of these four principal branches of the headwear industries has traditionally been considered separate, all of them have much in common. For purposes of regulation, they may be considered as composing a single industry. Unfortunately, under NRA nine codes were approved, each of which governed the production of one or more headwear products.

The Millinery industry was especially unfortunate. Instead of a single comprehensive code, four were approved. The Retail Custom Millinery Code was established for the custom end of the industry, the Millinery Code for what will later be designated as the "factory", and the Knitted Outerwear Code for machine-knit headwear. Manufacturers of children's millinery were given the right to choose whether they would operate under the Millinery Code or under the Infants' and Children's Wear Code.

Because of poorly drawn definitions, widely divergent code standards, and a high degree of inter-industry competition, the inevitable result of this multiple code coverage was confusion and a highly complicated problem of code administration. The administrative problem was further confused by the fact that each of these codes was written under the supervision of a different deputy administrator and during the greater part of its existence was administered by a different NRA division.

If multiple code coverage in the largest branch of the headwear industries was unfortunate, it was infinitely more so in the smallest. A Total of three codes were approved for the subsidiary branch, whose total value of product for 1929 was only $48,000,000. Even so, coverage was not complete, and a "Hat supplies industry" code to govern the manufacture of a group of miscellaneous products was never approved. The Artificial Flower and Feather Code governed the production of prepared feathers, chiefly for use in the millinery industry; the Hatters' Fur Cutting Code, the processing of hatters' fur for the hat manufacturing industry; and the Millinery and Dress Trimming Braid Code, the manufacture of millinery braids, linings, hoods, etc. The Hat Manufacturing and the Cap and Cloth Hat Industries were far more fortunate, all segments of each of these Industries having been embraced within their respective Codes.

Far more satisfactory results could have been obtained had a single code been written to govern the manufacture of all headwear and subsidiary products. Basic standards should have been identical and administration should have been centralized and coordinated. Still better results would have been obtained had such basic standards been closely correlated with the basic standards laid down for the entire apparel group.

B. PRINCIPAL DIVISIONS OF THE MILLINERY INDUSTRY

A striking characteristic of the millinery industry is the existence, side by side, of all the normal stages of industrial evolution. The industry exhibits at one end of the scale the most limited of productive techniques with the narrowest of markets, and at the other the most modern and highly developed techniques with markets world-wide in their scope. On the basis of evolutionary advance, the industry falls naturally into four principal divisions: Private or home millinery, custom millinery, factory millinery, and machine-knit millinery.

1. Private or Home Millinery.

This represents the lowest stage in the evolution of the millinery industry, comparable to the home production for home use of fabrics, clothing, furniture, and other necessities during colonial and frontier days. This type of production persisted as a fairly important factor until the early 1920's. Prior to this time millinery styles were such as to permit reproduction by persons having ordinary skill in sewing and manipulation of materials. With the introduction of the simple hat, however, it became more and more difficult for persons not specially trained and not possessing special equipment to produce stylish effects. Of importance also was the drastic reduction in millinery prices which occured at about the same time, in large part the consequence of the simplification of styles. When hats commonly sold at prices anywhere from ten to fifty dollars there was a strong inducement, especially among the lower middle and working classes, to avoid this expense by making the hats themselves. When prices fell to such a point that millinery of a high quality could be purchased be purchased for two, three, or five dollars, the inducement to home production was largely eliminated. Today, the home production of millinery is a factor of little consequence to the industry.

2. Custom Millinery.

The custom millinery establishment represents the second stage in the evolution of the industry. Within this stage, several sub-stages may be discerned, the first and most primitive of which is characterized by a combination in the home of household duties and trade activities, a highly restricted market almost purely personal in character, little or no capital investment, and the absence of a workroom force. The milliner is usually a housewife who performs work on orders: supplies of materials and finished hats are rarely kept. The majority of such milliners are either former employees of established houses or workers discouraged by the earning possibilities within the industry proper who attempt by this means to supplement other sources of income. Milliners of this class who persist are engaged largely in renovating and remodeling, usually on a service basis.

The second sub-stage within the general custom stage may be designated as "parlor millinery." This is characterized by a wider market than obtains in the first sub-stage, separation of the business from the home, greater capital outlay for materials, equipment, and quarters, and a small working force. The personal element still predominates in the relations of the milliner with her customer and employees. The clientele of such shops is still personal and little or no effort is made to attract a general trade.

The fully developed custom establishment, representing the highest sub-stage within the custom group, is distinguished from the preceding sub-stages by a market extended to include a general as well as a personal trade, a considerably greater outlay of capital, and a larger working force. Locations are selected which will attract the street trade. Hats are shown in attractive window displays, and a substantial stock of finished merchandise is carried. The capital requirements of such establishments are substantially greater than those of lower branches of the industry.

There are no reliable figures to indicate the extent of custom millinery manufacturing, though certain general estimates have been made. The Millinery Code Authority was of the opinion that there are in the United States approximately 10,000 such establishments, (*) of which 1,986 are located in the New York metropolitan area; of these, 1,245 are equipped with complete manufacturing facilities. (**) Administrative Officer Harriman, in his "Report to the President", accompanying his approval of the Custom Millinery Code, estimated that the trade was composed of about 3,600 members. (***) The National Association of Custom Milliners claimed a membership of over 1,000 shops, located in 42 states. (****) The average number of employees per establishment is said to be two or three, though some employ as many as 100 or more.(*****)

On the basis of such information as is available, it would appear that in employment and volume of business, the custom branch

---

(*) Minutes of Conference held to discuss proposed Code of Fair Competition for the Custom Millinery Trade, Hotel Aster, New York City, October 19, 1934; p. 34.Central Records Section.

(**) Brief of Millinery Code Authority in opposition to proposed Code of Fair Competition for the Custom Millinery Trade, October 1,.1934.

(***) "Report to the President", Code of Fair Competition for Retail Custom Millinery Trade, p.3.

(****) Minutes of Conference, October 19, 1934, p.6

(*****) Ibid., pp 5 and 10.

of the millinery industry is between one-third and half as large as the factory branch, while in number of establishments the former far exceeds the latter. $85,000,000 as an estimate of total value of product for 1929 would probably not be far from wrong.

3. Factory Millinery.

The wholesale production of millinery in factories for distribution to the ultimate consumer through wholesale and retail agencies represents the third major stage in the evolution of the industry. It is characterized primarily by a wide market area, frequently embracing the entire country and sometimes entering into foreign commerce, a relatively substantial capital investment, and a relatively large working force. Whereas the market of even the largest custom milliner seldom extends beyond the confines of the city in which she is located, the market for the millinery manufacturer normally extends at least to adjacent states. Although compared to many industries, the capital required to operate such an establishment is small, it is substantially greater than that required to operate a custom establishment. Greater outlays must be made for machinery and other physical equipment, larger stocks of raw materials must be carried, and larger provision must be made to meet current payrolls. Finally, the average number of workers per establishment varies between twenty-two and twenty-five.

The membership of the National Association of Custom Milliners was scattered throughout forty-two states and it is unlikely that there is any state in the Union which does not support at least a few such establishments. There are probably custom milliners in every city in the country whose population is 2,500 or over. The factory branch of the industry, however, is concentrated in a very small number of localities. (*) This difference in the location of the two branches is of especial importance when considering the subject of administering any form of economic control.

Within the factory branch several sub-divisions may be discerned. The lowest of these, from the standpoint of evolutionary development, is represented by the so-called "high tyle" houses. In such establishments, the shop organization and the technique of production is similar and in some cases almost identical with those employed in the better custom houses. The greatest distinction between them lies in the scope of their respective markets. Using as a basis of classification the extent to which machinery and mass production methods are employed, the highest evolutionary stage in this branch is reached among producers of popular-priced merchandise.

It was with the factory as opposed to other branches that the Millinery Code was designed to deal, and all subsequent references in this Study to the "millinery industry", unless specifically qualified, will apply to this branch only.

(*) See infra, "Location of the Industry".

4. Machine-Knit Millinery.

The highest stage in the evolutionary development of the millinery industry is reached in the knitted outerwear industry. The distinction between this stage and the one immediately preceding is primarily one of productive technique. The former stage is characterized by the craft technique, the latter by the machine technique. Although machinery is used in the former, it is essentially an aid to the human hand; in the latter, the human hand is an aid to the machine. The introduction of this highly developed machine technique has worked havoc to established modes of production, and gave rise to serious difficulties in the administration of the Millinery Code.

5. Production of Millinery By Other Industries.

There are numerous manufacturers whose principal business is in other lines, but who produce a small amount of millinery each year. The census fixes the value of trimmed hats so produced at $2,240,403 for 1929, or about 1 per cent of the value of all factory millinery. The principal industries producing millinery as a secondary product are the following: (*)

The Code Authority estimated that approximately 250 establishments produced millinery as a subsidiary to other lines of production. (**)

(*) Petition of Code Authority for exception to exemption conferred by Administrative Order No. X-36. Production of millinery by these industries is in addition to the production of the custom millinery and knitted outerwear industries.

1. Infants' and Children's Wear Industry - Children's Hats
2. Cap and Cloth Hat Industry----------Cloth Hats
3. Men's Hat Industry----------Sport Hats
4. Novelty and Sporting Goods Industry-----Novelty Hats
5. Coat and Suit Industry----------Matched Set Hats
6. Dress Industry----------Matched Set Hats
7. Cotton Garment Industry----------Cotton Cloth Hats

(**) Ibid. This figure includes producers of knitted headwear.

II. CHARACTERISTICS OF THE INDUSTRY

A. PHYSICAL CHARACTERISTICS.

1. Location.

Although millinery is produced in 25 states and 80 cities, by far the larger portion is produced in a single state - in fact, within an area of a few blocks in a single city. In 1934, 890 establishments, out of a total of 1,354 for the country, were located in New York State; and of these 878 were located in New York City. 90 per cent of all establishments and all production are accounted for by the six states of New York, Illinois, New Jersey, Missouri, Massachusetts, and California, and more than 80 per cent of all establishments and production by the six cities of New York, Chicago, St. Louis, Los Angeles, Union City, New Jersey, and Atlanta. The distribution of the industry according to establishments, unit sales, value of product, wage earners, price range of product, and class of product, is set forth in Tables 10 through 15.

The millinery industry is essentially metropolitan. This high degree of concentration is the result of a number of influences, most important of which are style factors and the presence of an ample supply of labor admirably adapted to the processes of the industry.

2. Interstate Commerce.

The location of the industry implies a very considerable volume of interstate commerce. As a general rule, all markets (**) ship throughout the country. This is especially true of such larger markets as New York and Chicago, but even the smallest regularly ship beyond the confines of the state of origin. About one-third of all millinery sold in this country is produced in the State of New York, whereas only about one-tenth of the total population is located there. The States of New York, Illinois, New Jersey, Missouri, Massachusetts and California account for about 90 per cent of all millinery production; these same states, however, account for less than one-third of the total population of the country. (***) Much interstate shipment of goods, therefore, is evident. Indeed, the competition between various markets, located in different states, was the fundamental problem in the formulation and administration of the Millinery Code. (****)

(*) See discussion under "Industrial Aspects of Style."

(**) The term "markets" as used in this Study refers to producing areas, unless another connotation is clearly indicated by the text.

(***) See Table 16

(****) See discussion under "Pre-Code Problems."

3. Size of Establishments.

Another highly significant characteristic of the industry is the relatively small size of the typical establishment. Almost one-fourth of all establishments employ five or less workers during peak seasons, about two-thirds employ twenty or less, and only a little more than one-tenth employ fifty or more. While the average number of employees per establishment in 1929 was twenty-five, this fell in 1931 to twenty-four, and in the spring of 1935 to twenty-two. (*)

The Code Authority estimated that the average annual sales of manufacturers in New York are in the neighborhood of $50,000,(**) and there are probably not more than a score of houses in that area in the one-quarter million class or over. (***) In 1934, there were 1353 manufacturers in the industry, and the total dollar volume of business for that year was approximately $105,000,000. (****) The average volume per manufacturer over the entire country, then, was only a little better than $77,600. Establishments in New York City tend to be somewhat smaller than elsewhere.

This small-scale unit is one of the most characteristic features of the millinery industry. Productive methods must be kept simple and elementary and the productive unit small in order to meet the exigencies of rapidly changing styles. Flexibility is the first essential, and complicated productive methods and large scale production are inimicable to such flexibility. The few big producing units in the industry are little more than the smallest units writ large.(*****)

(*) See Tables 17 and 18.

(**) Data submitted by Code Authority

(***) The Millinery Industry: A Survey, by E. R. A. Seligman, p.4

(****) Data submitted by Code Authority

(*****) See discussion under "Economic Consequences of Style."

B. [illegible] OF THE INDUSTRY

1. Ease of Entry.

Individual associated with small scale units is the extreme case in which new producers may enter the field. During the year 1934, 231 manufacturers retired from the industry, while 253 new firms were established.(*) A minimum capital outlay is required. Only a relatively small amount of machinery is necessary, and this may be readily obtained either on credit or at second hand. Credit for materials may be secured without difficulty from the supply houses, and the workers, being highly skilled, require little supervision. Designs are readily obtained through the device of copying.

2. Management Personnel.

The consequences of easy entrance and small scale operation are far-reaching. The typical manufacturer, however, as he does not more than one-tenth of one per cent of the entire output of the industry, is not greatly concerned with promoting industrial standards. In many industries, complexity or large capital outlays tend to insure that new arrivals in the field will possess a certain amount of responsibility and business acumen. Prospective manufacturers of millinery, as a general rule, pass through no such proving process. In many instances manufacturers are former workers risen from the bench. They may be skilled workers of the craft best type, but are likely to know little or nothing of the principles of cost accounting, nor are they likely to possess other qualifications necessary to the development and maintenance of sound business policies.

This lack of business ability, as opposed to technical ability, and specially this lack of the science of costing, is most important. An industry cannot, even in times of prosperity, maintain any great degree of stability if a substantial proportion of its members pay insufficient attention to the calculation of costs. Even in the calculation of such relatively simple cost elements as labor and materials there is much to be desired, and it is no uncommon thing that many manufacturers keep their books on the backs of used envelopes. In quoting prices, costs are often estimated in the most haphazard manner. The foregoing is not intended as an indictment of all or even a majority of the members of this industry, but of a body sufficiently large to keep the market in a constant state of turmoil.

C. COMPETITION IN THE INDUSTRY

With numerous small producers spread throughout the country, competition is bitter and intense. The [illegible] of the typical manufacturer.....

".....lies far more in selling his product irrespective of price than it does in maintaining either a market or a price level the benefits of which might accrue to the industry as a whole. There is thus little feeling of responsibility for maintaining price and little of the wholesome fear of retaliation which acts as a restraint in so many other lines of

(*) See Attorney, First Annual Report, - p. 31.

business. The result is that whereas a local grocer at one end or a steel company at the other would carefully weigh consequences of a price cutting policy, the unscrupulous or irresponsible millinery manufacturer knows little restraint and is rarely deterred from making a sale at almost any figure which will more than cover his direct outlay."(*)

Manufacturers contend with each other in offering higher and higher discounts, until, just prior to the adoption of the discount amendment to the Code, discounts were being granted as high as 15 per cent. (**) Manufacturers compete in the quality of goods offered at the same price. One will agree to a certain amount of extra workmanship or a higher grade of material or extra ornamentation, without extra charge, to get business. Competition in services is especially keen; manufacturers in order to make sales often agree to unwarranted return privileges, uneconomically rapid production schedules, etc.

1. Extent of Competition.

These forms of competition in themselves, of course, are not necessarily undesirable. The evil arises from the length to which they are carried. There is such a thing as a price which is economically too low, which makes it impossible for the manufacturer to recover his costs, and which finally results in undermining the standards of labor. Other forms of competition are in reality correlatives of price. Because wages constitute in this industry such a large element of total cost, the repercussions of these extreme competitive measures are felt by labor much sooner than would be the case in other industries, and unless wages and hours are adequately protected by legislation or by labor agreements, labor costs are the first to be cut in the competitive struggle.

2. Control of Competition.

Generally speaking, there are three means by which business men and industries may approach the problems of competition: (1) by combinations and agreements among competitors, (2) by the development of goods, policies, and services differing from those of competitors, thus sidestepping the full effects of competition, and (3) by meeting competition head-on, matching price cut with price cut until one competitor or the other is defeated or until a stalemate has been reached. The nature of the industry largely determines which of these approaches will be chosen. The nature of the millinery industry makes impossible recourse in any appreciable degree to the first two possibilities, leaving only the third, which contributes nothing to the solution of the problem.

Some slight progress has, however, been made in the field of com-

---

(*) Seligman, op. cit., p. 5.

(**) See discussion under "Pre-Code Conditions."

binations and agreements. The adoption of trade practice rules by associations within the industry, the spread of a sounder knowledge of cost accounting, the increasing tendency of competitors, especially as a result of code activities, frankly to discuss the problems of the industry, and, most important of all, the Millinery Code itself, were steps in this direction. Specific examples of such cooperation are regulation of discounts and terms of sale through associations and under the Code, cooperative advertising and selling campaigns, and plans for trade promotion.

Notwithstanding these advances, however, competition remains as intense as ever at its most essential point, the making of the price. Agreements and cooperation between competitors, whether legal or not, can hardly be effective so long as the composition of the industry is so exceptionally unstable. If it were conceivable that substantial agreement might be obtained among all present members of the industry, in six months many of the parties to such an agreement would be out of the industry and their places taken by new firms not bound by it. So long as entrance into the industry may be made with such signal ease, little can be achieved by way of voluntary cooperation. This same observation holds true for the attempt of the industry to substitute a voluntary Code the new invalid NRA code.

To a limited extent a few manufacturers have been able to alleviate the intensity of competition by adopting policies and furnishing goods which cannot be duplicated by other members of the industry. This avenue of escape, however, is open only to such houses as have an exceptional reputation for quality merchandise, and even here the escape is only partial because of inability to guard from the encroachments of the style pirate their primary claim to distinction --- high style millinery.

The only remaining recourse of the industry is to recognize the fact of competition, to meet it head-on, and to accept, Spartan-like, the rewards or disasters which it inevitably brings. Intense competition must be accepted as a fundamental condition for a long time to come. The most that can possibly be done is to develop some form of Federal regulation which will check the worst of the evils and thereby protect the most unfortunate victims of that competition.

State regulation for this purpose is quite inadequate. Any real effort to control wages and hours in one State alone would impose impossible hardships, from a competitive point of view, on manufacturers located in that State. Aside from Federal control, the activities of organized labor offer the most promising possibilities in this direction. The disadvantages of this expedient, however, are great. Unless unionization is universal, manufacturers complying with union standards are placed at a strong competitive disadvantage. Even between organized markets, moreover, the degree of control exercised by the union varies considerably, with the result that certain markets have been able to secure relatively advantageous collective agreements, whereas the agreements imposed upon other markets are remarkable for their stringency. The only real answer to the problem is some form of regulation which will apply equally to all areas and individuals, and the only agency capable of exercising such control is the Federal Government itself.

3. Industrial Mortality.

The exceptionally high degree of industrial mortality to which this industry is subject is largely a result of the bitter competitive struggle. During the first ten months of 1934--the only period for which data are available - 280 members of the industry, or more than one-fifth of all members, went out of business.(*) Unfortunately, no data are available to indicate the size and type of concerns involved in these failures, nor do any reliable figures exist for previous and subsequent periods with which comparisons might be made. Some light, however, is thrown on the problem by the opinions of those who are best acquainted with the trends in the industry over the past decade.(**)

Eight or nine years ago the number of failures in the industry was not nearly so great as now, but the size of the firms involved was larger, averaging about $50,000 each. In the past five years, failures have been largely concentrated among smaller firms, and at present the average size of manufacturer involved is probably under $10,000. The great majority of those who go out of business re-enter within a short time, usually under a new name, thus developing what amounts to a class of habitual bankrupts. It is almost a rule that the man who fails once fails a number of times. Once the manufacturer has learned that he can re-enter business and obtain credit again, he is inclined not to worry too much over the possibility of another bankruptcy. The result is to intensify an already poor management situation.

This exceptionally high mortality rate is the result of a number of factors, all of which are accentuated by the intensity of the competitive struggle. The Code Authority estimated that at least 75 per cent of the failures are due to poor management. Other important factors are labor conditions, inadequate capital, poor styling, inefficient labor, and inefficient foremen and sales staff. On these, the factor of inadequate capital is of especial importance.

The high mortality rate has serious consequences for the industry as a whole. When in difficulty, the manufacturer will sell his goods for what he can get. The inevitable result is a tendency to depress the entire market. The industry's price structure is precarious enough at best, and can offer no great resistance to such pounding. The manufacturer facing bankruptcy becomes careless and slip-shod in his methods. He does not much care to whom he ships, for what terms, or for what prices. He knows that eventually he is going into bankruptcy.

(*) See Table 19

(**) An attempt was made by the Code Authority to collect information on this subject, and its conclusions are embodied in an unpublished paper entitled, "Mortality in the Millinery Industry." See History of the Code of Fair Competition for the Millinery Industry, Appendix VIII-pp. 215-222. The data on mortality set forth herein are drawn from this source, unless otherwise specified.

He may survive a month or two, or six months, but seldom longer. In any event, he is reconciled to his fate and the carelessnes of his conduct has serious repercussions on the market.

This situation tends to be intensified by the custom in the industry of patronizing finance companies. The practice has grown so general that these companies have come to be known as the "pawn shops of the industry." According to information supplied by the Code Authority, charges made by these companies vary from 24 to 36 per cent of loans, with investigation and other charges included. Moreover, they demand collateral on the basis of $1,000 for every $600 loaned. In the event of bankruptcy, a disproportionate fraction of the manufacturer's assets is thus tied up by the finance company, to the detriment of other creditors, the manufacturer himself, and the industry as a whole.

If the condition outlined by the Code Authority with respect to finance companies is accurate, an attractive field exists for industry education and association activity. The industry might do a constructive piece of work by encouraging the practice of liquidating through its trade associations. It is possible that by so doing some of the worst features of the present mortality problem could be eliminated. It is estimated, for instance, that 90 per cent of those who have recourse to their associations in time of financial stress are able to continue in business.

D. OTHER CHARACTERISTICS.

1. Absence of Contracting.

Whereas the contract system of production plays an important role in related apparel industries, it is almost non-existent in the millinery industry. In general, this particular type of production owns its origin to (1) certain native characteristics of the immigrant workers who arrived in this country during the latter part of the nineteenth century and who were largely absorbed into the needle trades, (2) the necessity for an extreme degree of flexibility in the productive unit because of rapid fluctuations in style, (3) the comparatively small capital investment involved, the absence of highly developed machinery, and the relative ease with which entrance into the industry may be effected, and (4) the high degree of seasonality.(*)

All of these factors are present in the millinery industry; they constitute, in fact, some of its most significant peculiarities. They have not however, led to the development of the contract system of production in this industry as they did, for instance, in the dress and coat and suit industries. This apparent inconsistency may be explained by a reference to the history of the Industry. During the decade beginning about 1910 there was a steady growth in the number of millinery contracting shops, a development more or less parallel to the similar

(*) For a discussion of the factors responsible for the development of the contract system in the dress and coat and suit industries, see NRA Study of the Women's Apparel Industry, by Sherman Brewbridge.

growth in other apparel industries.(*) During the first few years of the following decade, however, the growth was not only halted, but the tendency completely reversed, until by 1929 the contract shop had become almost extinct. Receipts for contract work in that year amounted to only a little over a million dollars, or about one-half of one per cent of the value of all production. (**)

This sudden reversal of what apparently was a normal tendency is explained by the radical shift in styles during the 1920's. Prior to this time, hats were profusely trimmed with bows, feathers, buckles, flowers, and other novelties, all executed on a straw or fabric base, and produced primarily by sewing operations and hand manipulation. The new styles called for a simple hat on which artistic effects were produced by line, shape, and color, rather than by trimmings and decorations. The production of this new type required, in addition to hand operations and the sewing machine, the use of hat blocks and blocking equipment. These blocks are comparatively expensive, and because of the rapid rate of style turnover and the consequent rapid obsolescence of blocks, their purchase constitutes an especially heavy drain on the manufacturer's capital resources. A millinery manufacturer could not long stay in business if he purchased new blocks for every different style he produces. He is forced, therefore, to exercise a considerable degree of ingenuity in adapting old blocks to the production of new styles. This ingenuity is a quality which cannot readily be delegated to contractors.

Generally speaking, the successful manufacturer of dresses in the salesman type, whose chief resources lie in an ability to select styles which will win popular acceptance, and through his own efforts to dispose of garments made for him in such styles by contractors and sub-manufacturers. In the millinery industry the chief requisite for success is skill in factory processes, and the typical successful member of this industry is the skilled technician. This difference between typical members of these two industries supports the foregoing analysis.

The millinery industry need have no fear of the contracting system until there is a shift in styles to a type of hat which may more readily be made by contractors, in which event the introduction of the system, with all its attendant evils, will be almost impossible to prevent.

2. Dependence on Imported Raw Materials. A further important characteristic of the industry is its heavy dependence upon foreign sources for its raw material supplies. In 1929, the industry expended for materials and containers upwards of 37,000,000; about one-third

---

(*) See Van Kleeck, A Seasonal Industry: A Study of the Millinery Trade in New York.

(**) Fifteenth Census of the United States:"Manufactures, 1929", Vol. II.

of which was for imported materials.(*)

The importance of foreign materials is explained by a number of factors. In the first place, Parisian hats are the criteria for almost every type of hat which goes into production in this country. (**) There is in consequence a natural tendency toward the incorporation in domestic products of materials used by French designers. This is particularly true of manufacturers in the higher price ranges, who are in close contact with European markets, and who are better able to afford the higher cost of imported materials, most of which carry a high rate of duty.

More important, various essential materials are not produced to any degree in the United States. The source of many of these products is limited to countries in particular climatic zones. So also certain countries have concentrated the facilities of labor and technical specialization on the development of particular fabrics, materials and specialty products. Fur, for example, the basic material from which fur felt bodies are manufactured, is for the most part imported, although the beaver and muskrat are domestic products. The nutria comes from the Argentine, the hare from Continental Europe, the rabbit from Australia, and the coney from Scotland, England, and France. Certain feathers which periodically play an important part in the industry are obtained from birds which are not habitants of this country, while others are obtained from birds which are protected by American game laws, with the result that the industry is largely dependent for this type of trimming on France, Germany, the United Kingdom, Japan, and South Africa

The most important sources of many flowers and ornaments are Germany, France, and Czechoslovakia, where manufacturing techniques have been highly specialized and the product is far superior to the domestic article. Other sources include the United Kingdom, Austria, Hungary, Poland and China. Hat bodies and materials of straw and similar fibres are for the most part the specialized products of Japan and Italy. Lesser quantities are produced in China, Ecuador, Switzerland, and the United Kingdom. Italy ranks first in the supplying of hats and hoods of wool, with Czechoslovakia, Germany, Greece, France, and the United Kingdom producing lesser amounts.

Unfortunately, it is impossible to do more than indicate roughly the nature of imported materials and the geographic diversification of their origin, because many imported products are used in industries other than millinery and import classifications are usually too broad to permit of a definitive analysis. Nevertheless, a number of general conclusions may be drawn. An obvious one is that the importation of particular items is almost entirely dependent upon trends of style. Imports of certain products are practically negligible in some years

---

(*) "Millinery Imports," an unpublished paper of the Millinery Code Authority. The facts and conclusions set forth in the present discussion are largely drawn from this paper.

(**) See discussion under " The Industrial Aspects of Style."

and considerable in others, a fluctuation which proceeds without respect to trends in the volume of imports as a whole.

Of greater importance is the fact that the total volume of goods imported for millinery use has declined considerably during the past decade. This decline has been due partly to the industry's diminishing volume, partly to the development of new industries in this country and the introduction of substitute domestic materials, and partly to the increasing importance of popular and low priced millinery in which less expensive materials must be used. High rates of duty have also tended to curtail the volume of imports, at the same time exerting a stimulating influence on domestic material manufacturers.

Notwithstanding the relative decline in the importance of foreign materials, however, the imported materials maintain a strong position of preference insofar as many specialized as many specialized products are concerned, and in many cases the substitution of a domestic for a foreign material is virtually impossible. So long as the production of many products is limited to certain climatic zones, imported materials will continue to maintain an important place in the millinery industry.

III SEASONALITY

The outstanding characteristic of the millinery industry is its appalling irregularity. Women wear two types of hat during the year and this fact is reflected in two millinery seasons, Spring and fall. During these two seasons, production is carried on at breakneck pace and during the remainder of the year the industry practically closes shop.

A. CAUSES OF SEASONAL FLUCTUATIONS

1. Buying Habits of Consumers.

The usual causes of seasonal variations are productive activity and climatic changes, changes in social activity, traditions and customs, and variations in the supply of raw materials. The millinery industry is influenced by all of these factors, as well as by others more or less peculiar to itself. The most important cause of seasonal variations in this industry is found in the buying habits of women. By a custom of long standing, women purchase hats only during limited periods of each year, and retail stores find that from 40 to 50 per cent of their total sales are made during about two months of each season.(*) This custom undoubtedly has its basis in climatic changes.

2. Style Factors

The fact that millinery is at once highly styled and highly seasonal is frequently noted, and the conculsion is commonly drawn that these two facts stand to each other in a causal relationship. Season-

(*) Seligman, op. Cit., p. 13. See also Tables 20 and 21

ality, however, is not the immediate result of style. Style does, however accentuate seasonal fluctuations. Because of the impossibility of determining far in advance what the fashion will be, production as well as buying, must be delayed until the last possible moment, thus aggravating the industry's inherent proclivity to seasonality. An interesting comparison may be made with the fur felt hat industry.(*) The greater part of such hats are purchased during limited periods, but because men's styles change so slowly and the fashion for any given Season is usually known well in advance, production may be spread out fairly evenly over the entire year.

3. Over Supply of Labor. Because of the existence of a surplus labor supply in the large producing centers manufacturers there can afford to risk delaying production knowing their working force can be expanded almost indefinitely within the limits of their space and equipment. It would be difficult, if not impossible, for the industry to meet its extreme production demands at the height of the season were it not for the presence of this reserve.

4. Other Factors. The relationship of the manufacturer to his distributor and to the ultimate consumer contributes to the severity of seasonal fluctuations:

> ". . .The wide separation between the designer and the probable wearer of the hat introduces an element of chance which contributes in no small degree to the irregularity of the seasons."

* * * * * * * *

> ". . . We have to deal . . . with a diversified occupation in which orders and, consequently, permanence of employment are dependent upon a disorganized system of buying and selling, with keen competition and elements of luck more powerful than any present efforts to develop a scientific plan of meeting market demands."(**)

Recent structural changes have also contributed to irregularity in production. The accelerating tendency to decentralization and the rapid growth of the syndicate method of distribution (***) have made it increasingly unprofitable for houses in the primary production centers to send salesmen to certain parts of the country. For instance, the Southern business which formerly kept plants occupied in New York during January has been largely lost to them their February-March peak being thereby accentuated.

(*) See Table 25.

(**) Van Kleeck, op cit., pp. 57-58.

(***) See discussion under "The Distribution of Millinery, "and" Pre-Code Conditions."

B. EXTENT OF SEASONAL FLUCTUATIONS

1. Measurement of Seasonality. In this Industry the index of payrolls furnishes the best available basis for measuring seasonal variations. The index of employment is not nearly so reliable, since during slow seasons workers often report for duty and spend all day in the shop without actually working more than an hour or so, and such work as may be available is carried on in a leisurely fashion. Data on employment and man-hours worked, therefore, would not show the full diminution of activity. Payrolls, however, are highly accurate. The industry operates largely on a piece-work basis, and the amount of wages paid indicates with but a small margin of error the extent of variation in productive activity.

2. Periodicity of Peaks and Valleys. Productions, as measured by the index of payrolls, normally reaches its peak in the months of March and September and its low in November and July.(*) Such variations from this form as occur are due partly to weather conditions. For instance, a late spring may have the effect of postponing the spring peak until April. A late Easter has a similar effect. In 1933 this postponement was primarily a result of the unsettled economic conditions which culminated in the bank holiday. General business conditions exercise an important influence on the incidence of the winter low. If demand is good, the low will not be reached until December, whereas if it is poor, it may be reached in November. By and large, however, the incidence of peaks and valleys is fairly regular.

3. Comparison of Spring and Fall Seasons. Of the two seasons, the Spring is a shade the more important. During the years 1926-1934, an average of about 54 per cent of the yearly activity took place during the first six months of the year. (**) This inequality is largely due to the greater range in social activities possible during the spring and summer months, with the consequent necessity for greater variety in wearing apparel, and to the fact that in the temperate zone there is a longer period of warm weather than of cold. Eight months of the year are favorable to spring and summer styles and four months to fall and winter styles.

4. Tendency Toward Increased Seasonality; Causes. In recent years there has been a marked tendency toward greater severity in seasonal variations in activity in the industry. In 1927 the lowest point on the payroll index was 89.7 per cent of the highest; in 1932 this ratio had fallen to 42.4.(***) This progression has not been steady, but the general tendency is unmistakable. Thus, in the average monthly fluctuations for the years 1926-1929, the low is 74.8 per cent of the high; for the years 1930-1934, it is 57.3 per cent of the high.

(a) General Economic Depression This increase in seasonality is due to a variety of causes, One of these has been the general econ-

(*) See Table 22.

(**) See Table 23.

(***) See Table 23.

omic depression. Curtailment of consumer income decreased absolutely the demand for millinery, thereby augmenting the industry's labor surplus. Impaired incomes also caused consumers to withhold what purchases they did make until the last moment. The general disorganization and maladjustment incident to the depression has tended also to increase the extent of fluctuation.

(B) Simplification of Styles. The most fundamental of all causes was the introduction of the simple hat. During the vogue of the ornamental hat the rate of style obsolescence was much less than it is today. Consumer demand in consequence could be fairly accurately estimated and production carried on well in advance of the selling season. At present, however, because of the uncertainty as to what the style is to be, production must be postponed until the very last moment.

5. Variations in Seasonality.

(a) Between Areas. There are marked variations in the degree of fluctuations to which various sections of the country are subject. Those portions of the industry located in the New England, East Central, and Southern States are least seasonal and those located in the Middle Atlantic States most seasonal. Between these two extremes are those portions located in the Middle and Far West. (*)

These variations are the result of a number of influences, chief among them the relative abundance of the labor supply. Differences in wage rates also contribute to the result, in that manufacturers can afford to retain highly paid employees only in the height of the season. Finally, the types of merchandise produced in the various markets differ somewhat in their seasonality.

(b) Compared with other Industries. The millinery industry is subject to a substantially higher degree of seasonality than most other industries. In the millinery industry's index of employment for 1934, the ratio of the lowest month to the highest was 58.1, as compared with 60.9 for the dress industry, 81.9 for the men's clothing industry, and 86.4 for men's fur-felt hat industry. (**) The difference between the degree of fluctuation recorded for industries catering to women and those catering to men is a result of the relatively greater importance of style in the former.

(*) See Table [illegible]. Attention is called to qualifications set forth in footnote a/

(**) See Table [illegible]

C. EFFECTS OF SEASONALITY

1. Periodic Unemployment.

Twice a year almost half of all workers in the industry are laid off because of the oncoming of the slow season. During years of depression the period of employment is even shorter and a greater proportion of workers are laid off after the busy season. Great as these seasonal fluctuations are, however, they afford, but a partial measure of the actual degree of irregularity in employment. The worker may lose time because of sickness or industrial disturbances, or because the employer fails and goes out of business, or because fashions change and the proportion of hand work to machine work varies. To arrive at the actual degree of irregularity in employment, account must be taken of the length of employment of individuals during the year, as well as the seasonal fluctuation. Unfortunately, however, there are no data on this phase of the subject. Attention is merely called to the existence of the problem.

The self-supporting worker must get atleast two extra jobs during the year, one in summer and one in winter, even if he or she is regularly engaged from season to season in the same millinery shop. But as many workers do not return in the autumn to the same shop where they worked in the spring, such workers must hunt for jobs four times every twelve months. In any event, the worker must have at least two kinds of earning ability. Because of the difficulty of mastering a second trade, the off-season occupation must often be unskilled or of a lower grade. Probably the work most frequently engaged in by women workers is selling in large stores, though many other fields are resorted to. The one common element would seem to be the chance method of selection. (*)

2. Part-time Employment

In addition to actual unemployment, seasonality is responsible for a vast amount of part-time employment, the extent of which may be determined by a comparison of the index of payrolls and the index of employment. (**) Even in the height of the season there is a certain amount of part-time employment: in March, 1934 the ratio of the payroll to the employment index was 88.2. In July, the ratio was 66.3, indicating that those actually employed worked -- and earned -- at only about two-thirds their capacity. The extent of part-time employment increased substantially during the depression. Whereas the average ratio for the years 1926-1929 was 100.1, that for the years 1930-1934 dropped to 83.2. Attention is called, however, to the fact that whereas part-time employment increased steadily between

---

(*) See Perry, Lorinda, The Millinery Trade in Boston and Philadelphia, and Van Kleek, Mary, op. cit.

(**) See Tables 26 and 27.

1929 and 1933, a decrease is recorded for 1934. The reversal of the trend is due to a variety of influences, the most important of which was the Millinery Code.

3. Decreased Earnings.

Wages received by millinery workers must be considered in relation to the equally important question of seasonal unemployment. Hourly wages in this industry, particularly under collective agreements, are relatively high. Because of the violence of seasonal fluctuations, however, workers are not able to earn these rates for many weeks during the year. Annual earnings in consequence are low and workers are kept constantly near the margin where going into debt or obtaining assistance from relatives, organized relief, or private charity is necessary. To the extent that workers are dependent upon such assistance, the industry is parasitic.

The situation in this respect is much better than it was a number of years ago -- not because of any diminution in the degree of seasonality but because of greatly increased hourly rates. Nevertheless, the industry is still partially subsidized, and will probably continue to be so long as employment is subject to such violent fluctuations. Increased wages are little more than a palliative and cannot touch the heart of the problem.

4. Impaired Worker Morale.

Another important result of seasonal variations is a restlessness which accounts in part for the irresponsible attitude among many workers of which employers frequently complain. During the height of the season both employer and employee are subject to considerable nervous strain. The speeding up process necessary to meet orders promptly, even if it is not prolonged by a period of overtime, often results in the complete exhaustion of the worker. Overtime, moreover, is almost invariably demanded during the peak period, especially toward the end of the week when the workers are already seriously fatigued. To continue this nervous strain unduly is to rob the worker of much needed rest and to impair both the quality and quantity of his output.

5. Other Effects.

On the employer's side, the consequences of excessive seasonality are also grave. The manufacturer's risks are concentrated into two highly abbreviated periods and cannot be distributed, as in other industries, fairly evenly over the year. As a result of the vast number of orders piling up during the busy season, many firms are lured into the industry who have no place there, only to find themselves in the off season without enough demand to keep their plants running. The result is price cutting, wage slashing, and general industrial demoralization. Finally, from the employer's point of view, the continued turn-over in personnel is highly undesirable. To be obliged during the year to engage almost twice as many workers as are needed at the peak of any one season is a tremendous industrial waste.

Seasonality in the millinery industry tends to produce similar conditions in those industries and trades supplying it with goods and services as well as among wholesale and retail distributors of millinery. Finally, the adverse effects of this seasonability are carried to the consuming public in the form of higher prices, poorer workmanship, and diminished purchasing power.

IV. INDUSTRIAL ASPECTS OF STYLE

In most industries, the dynamic which determines structural characteristics is science and invention; in the millinery industry, the dynamic is style. It is the fundamental characteristic which, directly or indirectly, determines practically every other characteristic.

A. GENERAL CONSIDERATIONS

1. Universality of Style Interest.

The paramount importance of style in the general industrial field is of comparatively recent development. Whereas in former times style (*) was an attribute of goods in the higher price ranges only, it is now a necessary attribute of goods at any price. Even the ten cent hat offered at Woolworth's lays claim to a certain degree of fashionability.

A number of factors have contributed to this extension, the most important of which has been the growth in the national wealth. Only when incomes begin to exceed the subsistence level is opportunity given for fashion expression. The general increase in the prosperity of the United States, particularly during the ten years succeeding the World War, has been of major importance in opening up a great era of fashion.

A general increase in leisure exerts somewhat the same influence as a general rise in incomes. Leisure not only offers an opportunity for interest in style, but, because it usually involves a variety of activities, enhances the desirability for variations in dress. The growth of trade unions, labor legislation, and other influences tending to the limitation of the working period, as well as the growth of leisure through accumulations of wealth, are all factors tending to intensify the importance of fashion in our social life.

(*) Throughout this discussion the terms "style" and "fashion" will be used interchangeably, notwithstanding rather clear distinctions which may be drawn between them. For excellent definitions of "style", "fashion", and "design", see Nystrom, Paul H. Fashion Merchandising. p. 33. Almost the entirety of this discussion of style is based upon Dr. Nystrom's Fashion Merchandising and his Economics of Fashion. The reader is referred to these works for an especially able treatment of style in its economic aspects.

An extension of opportunities for education, particularly when education is coupled with leisure and increased income, tends to increase interest in fashions and to accelerate fashion movements. The development of widespread, rapid, and inexpensive means of transportation and communication widely disseminate new fashions and create a powerful demand for fashion goods.

The effective and inexpensive reproduction of style merchandise had made possible the use of such merchandise by the lower income groups, thus widely extending the scope of fashion. In this respect, there appears to be an inverse relation between the rate of style change and price. Fur coats, for example, which run into the hundreds of dollars, must of necessity be worn for several seasons, and their fashions tend to be of fairly considerable duration. Changes take place in jewelry styles at an even slower rate. Fashions in dresses, however, fluctuate far more rapidly. Women's hats a generation ago were considerably more expensive than they are today and style changes were correspondingly slower. With the introduction of the simple hat, millinery prices have been reduced to a fraction of their former level and the rate of style change has been enormously accelerated.

Finally, advertising and selling campaigns tend to create a demand for fashion goods and to extend their use. This particular factor, however, has been largely overrated in respect to its alleged ability to promote the use of <u>particular</u> styles. While selling campaigns may not substantially increase the demand for the specific style advertised, they more than likely increase the demand for <u>some</u> style.

2. <u>Style vs. Utility.</u>

Consumer interest in durability and convenience is probably as great today as ever, but such qualities are now largely taken for granted. Consumers concern themselves primarily with the appearance and style of merchandise, and excellence of material and workmanship mean little unless clearly marked with current fashion. Finally, style is a far more important factor than wear and tear on the obsolescence and displacement of millinery.

3. <u>Psychological Factors.</u>

Interest in fashion is the result of powerful forces in human nature. The fundamental human need of companionship is one which can only be realized through social groups, and social groups of all kinds exact conformity from their members. This is particularly true in matters of dress.

> "Ridicule and scorn are the sanctions which force people to follow fashions, and the dissenter is powerless before them." (*)

Fashion motivation is also intimately associated with fatigue or boredom. Garments or headwear worn for a season tire the eye and the sense of

---

(*) Murlock, Elizabeth, <u>The Psychology of Dress</u>. P. 7.

touch, a fatigue which may be relieved only by a change to new garments or new headwear. Curiosity and the desire for adventure produce a similar demand for the hitherto unexperienced. The introduction of a new fashion, a woman's experimentation with a new style, carries with it something of the same spirit of adventure that leads men to the far corners of the earth. The hunger for praise, particularly from the opposite sex, leads to constant experimentation in personal decoration and adornment. The desire for self assertion, efforts to disguise one's social background, "keeping up with the Joneses", are all manifestations of the inferiority complex and are among the most powerful of all psychological factors tending to spread interest in fashion to all levels of the social structure.

4. Style Movements.

(a) Major Influences.

Style movements are guided by three general factors: dominating ideals, dominating events and dominating social groups. The Greek ideal of pure beauty, Christianity, the ideals of democracy and nationalism, have, each in their turn, exercised a profound influence over the general directions of style movements. The current "youth movement" (*) seems to embrace within its scope the dominating ideals of modern times. The so-called Victorian Era is an example of an age dominated by "elderly" ideals. The prodigious growth of the beauty parlor and cosmetic industries and the development of other devices for the similation of the litheness and smoothness of youth are indicative of a diametrically opposite trend. In a period dominated by age, fashions tend to heaviness of line and somberness of hue; in a period dominated by youth, they tend to color, lightness, and grace.

Within the broad frame-work of dominating ideals, a profound influence is exerted by dominating events. The World War is an outstanding example of such an event in the modern age. The period of the War was characterized by a definite slowing up of all fashion movements. The tone of fashion reflected the drabness of khaki, somber events, sober frames of mind. In women's clothing mannish attire, tailored effects, and a military severness were the order of the day. The years 1919 and 1920 were years of mourning, and women's dress was predominately black. The use of feathers on millinery and dresses in imitation of the barbaric attire of Ethiopian warriors is a current example. Events less cataclysmic, of course, also exert an influence. Among the more important of these has been the succession of world fairs which have been held during the last half Century.

Finally, fashion movements are influenced by dominating groups. In times past, royalty exercised the principal immediate determinant of the fashion trend. This influence, however, has declined almost to the vanishing point in modern times. The dominent social groups today are the possessors of wealth accumulated through business enterprise. In these groups are concentrated to a marked degree practically

(*) The designation is that of Nystrom. See his Economics of Fashion.

every fundamental psychological motive which tends to foster interest in and to promote the development of fashions. Then, to this groundwork, is added a high degree of education and intelligence, a shrewd appreciation for the social significance of the events and affairs of the world, good taste, artistic sense, and "a keen desire to compete with other people for preeminence in style and fashion", it is not difficult to understand why such groups occupy the position they do in the world of fashion.

(b) Paris as Style Center.

These dominent social groups are largely concentrated in the great, active cities of the world, and it is from such cities, primarily, that new fashions radiate. Paris is preeminent in this respect. It is the congregating point for people of wealth and leisure from all parts of the globe. To it is drawn an especially large number of women who make a business of dressing well. Style experimentation can be carried on here as nowhere else, and such experiments as are successful are promptly and widely disseminated. Other factors have contributed to this leadership, among the most important of which is tradition. Paris has been producing style goods for several centuries, and has actually led the world in this field for most of the time during the last three hundred years. Paris has at its command admirable artistic and industrial resources. Its art collections and libraries are among the best in the world and furnish inspiration to designer and facilitate the acceptance of new styles. It is the international market for works of art and the headquarters for artists of all nationalities. Many of these artists specialize in the designing of textiles, apparel, and apparel accessories. No other city can show such a concentration of artistic ability in the designing field. Paris is also the center of a great industrial area, devoted to the production of textiles, apparel and accessories. French workers have a remarkable sense of the artistic and a highly developed appreciation for line, color, and design and are imbred with a tradition of fine workmanship built up over generations. In the protection of designs and in the opening up of new markets, the industry has received almost constant assistance from the French Government from the days of the Bourbons down to the present. It is significant also that Paris designers have been able to adapt their creations to the slight though significant variations in consumer taste peculiar to various nationalities. If its designers were not able to make these adjustments easily, Paris would have considerable difficulty in maintaining its importance as an international style center.

(c) Relation of American Industry to Paris.

Buyers from American probably rank third in volume of apparel purchased in Paris, exceeded only by the French public itself, including non-French residents of France, and the English. (*) Nevertheless,

(*) Nystrom, op. cit.

total imports from Paris make up a very small percentage of the total retail sales of millinery in this country. Ideas more than merchandise are imported. Many Parisian designers conduct so-called "model houses" whose chief business consists in preparing sample styles for sale or rent to domestic or foreign manufacturers. Trade in such models constitutes the principal portion of our tangible imports of headwear from France. In addition, many styles are pirated and copied on a wholesale basis - a "trade" which does not show up on the import-export balance.

It is only fair to point out, in conclusion, that whereas the dependence of American industry on Paris is extensive, Paris in turn draws many suggestions from this country. Parisian designers and manufacturers frequently visiting the United States to gather information on taste and style trends and to secure inspiration for new designs.

(d) Relation of Producers to Style Trends.

Fashions are the composite product of the taste and temper of the consuming public at any given moment, and of all the diverse psychological, esthetic, social, and economic influences which determine that taste and temper. Consumers and not producers make fashions.

> "The producer or dealer may propose, but it is the consumer who disposes." (*)

The designer can do little more than attempt to express these factors in the tangible form of specific fashion suggestions. If the suggestion corresponds to the current trend it may win consumer acceptance; if not, it is ignored and forgotten. "Fashion dictator" is a contradiction in terms, unless the phrase is applied to the consumer.

(e) Forecasting Trends in Consumer Demand.

Much of the instability to which the millinery industry is subject is a direct result of the rapid fluctuation of styles. Any attempt, of course, to diminish the rate of fluctuation is impracticable. The situation might, however, be appreciably relieved were it possible to develop some fairly accurate means of forecasting style movements.

There are several channels which are now at least partially in use by which some degree of contact is maintained with the consuming public in furtherance of this purpose. The most common of these are the channels of distribution. The advice of individual retailers, notwithstanding their proximity to the ultimate consumer, however, is not of any especial value because it is too likely to be tinged with personal prejudice. Most magazines of wide circulation among consumers are equipped to supply their advertisers with practical information as to current consumer taste and some magazines

---

(*) Nystrom, Paul H., Op. Cit., p. 111

and advertising agencies have gone so far as to establish service departments for continuous study of the problem. This particular approach, however, presupposes a large volume of advertising which is not forthcoming from the millinery industry. This method has been used to considerable advantage by a few large manufacturers, but offers little possibility for general exploitation.

On the whole, it would appear that the most promising method for this industry is through trade association or other cooperative effort. A special agency might be established or the function might be assumed by one of the existing associations. Systematic methods could be developed for the collection and tabulation of current data on consumer taste. The task would be a difficult one, for the facts regarding such taste are not easily obtained and are still less easily interpreted. But it would not be impossible, as witness the success, in a limited field to be sure, of the service bureaus of national magazines and advertising agencies. Assuming the success of such a cooperative effort, members of the industry could be supplied at all times with far more reliable information on which to base production schedules than they have ever had in the past.

If the industry is to be stabilized at all, its problems must be attacked on all fronts. No solution can be very effective which overlooks the necessity for better balance between production and consumption by means of more reliable information concerning the consumer demand. Labor, no less than management, has a vital stake in the matter. So long as the industry follows a hit or miss technique, no very great progress can be made toward stabilization of any kind, and labor must continue to suffer from excessive seasonal unemployment and low annual wages.

B. ECONOMIC CONSEQUENCES OF STYLE

1. Location of the Industry

As noted above, the chief centers for the production of fashion goods are the cities of greatest size, wealth, and political influence. New York, of all the cities in America, best fulfills these conditions. It is only natural, then, that by far the greater portion of the millinery industry should be located there. Chicago, the next most important metropolis, contains the second largest concentration. The industry, being so dependent upon style must of necessity locate itself at the points of greatest style activity. Such points provide not only the best market for its product but, what is more important it is in such communities that styles come into being.

2. Ethical Characteristics of Labor.

Millinery production requires workers equipped with a fairly well developed sense of the artistic. The Anglo Saxon's appreciation of line and color suffers in comparison with that possessed by other races, particularly the Latin and that segment of the Latin called French. If the French people had settled in this country to any great extent, it is probable that the millinery and other fashion industries would have fallen largely into their hands. As it happened, however, the race with the most highly developed artistic sense to settle here in great numbers was the Jewish , consequently, the production of fashion goods has been largely assumed by the Jewish people. The Jews are city dwellers and are seldom found to any appreciable extent in this country outside the larger cities. The tendency, then, of the industry to concentrate itself in the metropolitan centers was strengthened by the fact that a great store of labor eminently adapted to this particular type of work was at the same time being built up in these centers.

3. Unionization.

The industry's exceptionally high degree of unionization is a consequence of its type of labor and its concentration in metropolitan areas. The common race of the workers has been an exceptionally powerful factor in promoting organizations for cooperative effort in all lines of activity. Large numbers of employees concentrated within a limited area made the task of organizers much less arduous and their efforts much more successful than would have been the case had the industry been decentralized.

4. Type of Productive Organization.

The type of productive organization is determined by the exigencies of style. A plant must be prepared at all times to shift from the manufacture of one type of hat to another on a day's or even an hour's notice. Changes in style are so rapid and so many different designs must be produced at the same time, or closely following one another, that flexibility is the first requirement for the productive unit. For the same reason, only a minimum of machinery may be used. Generally speaking,

machinery is developed in and for industries whose products are fairly well standardized and in which the tasks can be broken down into simple, elementary movements. But millinery is not a standardized product, and while the operations going into the making of a specific style might conceivably be broken down sufficiently to render them amenable to machine treatment, hat styles are constantly changing. Handwork, in consequence, and craft-type labor must be used much more extensively than in other American industries.

5. Other Consequences.

From the simplicity of the productive unit flows also certain further distinctive characteristics of the industry, among them its relatively large membership, the small scale of the individual establishment, and the excessive ease with which entry into the industry may be made. The industry's high mortality rate is in part a result of these characteristics and in part a consequence of the uncertainties created by and the business losses arising from rapid and erratic movements of fashion.

C. STYLE PIRACY

1. General Considerations.

The most spectacular of the economic consequences of style is "style piracy". This term has been defined as a practice which "consists in the copying, without authorization from the creator or producer, of ornamental designs for industrial products created or introduced by others, and the selling in competition with such creator or producer, of products embodying the copied designs." (*)

(a) Extent of Copying.

Although the unauthorized copying of designs is at least as old as the industry itself, style piracy as a widespread practice, is of recent origin. It has shown a remarkable growth during the last six or seven years until from being, as it originally was, little more than a sporadic annoyance, it is now a thoroughly organized method of production and distribution. Lacking any effective check, legal or otherwise, piracy is today one of the dominant forces at work in the industry.

There are only a handful of houses which make any great effort to create new and original designs; all other members of the industry depend almost entirely on these houses for their styles. Styles which are apparently successful are quickly copied, reduced in price and quality, and put out in such numbers as frequently even to destroy the markets for which they are intended. It is a common thing for an individual style to run swiftly through the industry's entire price range by means of a series of rapid and unauthorized reproductions. This cheapening process is achieved by lowering the standards of material

(*) A. C. Johnston, NRA Trade Practice Studies Section, Style Piracy Study.

and workmanship, as well as by the economies of large scale production and the absence of designing costs.

(b) Methods of the Copyist.

The copyist is an ingenious person. His methods are many--some of them crude, some frankly dishonest, others clever to a degree. The most common of all methods is simply the purchase in the retail market of the models to be copied. A distributor frequently brings to a manufacturer samples purchased from an originating house for reproduction at lower prices. Resident buyers and the buying syndicates in particular have been charged with frequent indulgence in this practice.(*)

Fashion exhibits and style shows provide excellent opportunities for the copyist. Their activities in this field finally became so flagrant that rules prohibiting actual sketching became necessary. Such prohibitions, however, have done little to stop pirating, because an expert copyist can memorize the details of a design and reproduce it at his leisure. The window displays of retail shops are also an important source of the copyist's styles for the season.

Free lance designers, whose services are often utilized by several establishments concurrently, have sometimes disclosed to one firm designs prepared by them for another. Copyists have been known to bribe designers and other employees of fashion originating houses, so that in spite of all precautions the pirate is sometimes able to exhibit copies at reduced prices simultaneously with the appearance of the original model. By bringing pressure to bear on manufacturers of hat blocks, manufacturers are sometimes able to secure copies of blocks produced for others and to turn out a hat identical with that of the originator.

(c) The Question of Control.

Whenever a designer conceives of a new way to work an old idea, the question of ownership is immediately raised. One group holds that the originator is entitled to a monopoly on his creation; the other contends that all designs, no matter by whom or when created, are public property and that no individual is entitled to exclusive right thereto.

The millinery industry is sharply divided over this question. Holders of the first view are for the most part the "high style" houses who each season go to considerable effort and expense to develop original designs. Adherents of the second view are for the most part the rank and file of the industry who depend almost entirely on the creative work of others. Each group has a vital economic stake in the question of control. Under present arrangements, the originator, at best, is deprived of the full benefit of his creation; at worst, he finds his capital so far depleted as to be able no longer to continue in business. For their own protection, therefore, the originating houses have attempted during the last few years to develop means for curbing the activities

(*) See Seligman, E.R.A., Op. Cit.

of the pirate. In these attempts they have, naturally enough, been vigorously opposed by the rank and file of the industry, who sincerely believe that only through unrestricted copying can they meet competition. Of all the internal conflicts to which the millinery industry is subject, none is so deep-seated or so bitter as that raging about the question of controlling style piracy.

2. The Case for Control.

(a) Ethical Aspects.

Proponents of plans for design protection make out a very good case for themselves on ethical grounds. The laws of this country are such, they point out, that if a man steals a hat he has committed a crime, whereas if he copies the style of that hat in its most minute detail he is entirely within the law - this notwithstanding that the value of the hat lies not merely so much in its physical substance as in the intangible elements of its style.

"The present lack of a design registration law and the fact that copying is still considered a lawful activity by the courts amount to a right to despoil the business of others. It is entirely illogical that this condition be allowed to continue." (*)

(b) Style Origination and Demand.

All parties agree that the industry is peculiarly dependent upon a multiplicity of styles. A small fraction of the millinery now manufactured would suffice the needs of American women if all they looked for in their hats were a useful head-covering. Notwithstanding this general agreement, however, both originators and copyists claim credit for this essential multiplicity.

In order to have an industry at all, say the originators, there must be style creation, and that creation, to be maintained, must be protected. What the patent laws are to the inventor and the copyright laws to the author, the proper type of design protection would be to the creative designer. The United States is far behind other countries in the field of industrial art, and this backwardness is believed by many to be due to the dominance of the copyist and the inability to secure to the creator the fruits of his labors. If styles were protected in this country--the argument proceeds--the designer would have a much more powerful incentive to produce original models, and demand would be considerably increased by enhanced consumer interest.

As matters stand now, however, the originators are rapidly losing ground because of the unequal odds of the competitive struggle. The creators of millinery styles labor under enough inevitable handicaps at best. Leadership in fashion may be purchased only at a very high cost. It involves the expense of experimental work, for every style introduced is of necessity an experiment in consumer demand. A high

(*) Nystrom, Paul H., Fashion Merchandising, p. 243.

proportion of such experiments cannot help but turn out badly. Expensive designing staffs must be maintained and constant touch must be kept with European centers. The economies of mass production are impossible and manufacturing costs must be spread over the relatively small number of hats produced in styles found successful. When the disadvantages of style piracy are superimposed upon these inherent conditions, it is small wonder that the creating houses are being driven from the industry. Ultimately, the argument concludes, unrestricted copying will lead not only to the destruction of the originator but to the defeat of the copyist himself through the failure of the industry to provide that excellence of design demanded even in the lowest-priced merchandise.

(c) Effect of Piracy on Distribution.

According to the proponents of design protection, the prevalence of style piracy is largely responsible for the excessive rate of merchandise obsolescense and consequently for much of the depressed state of the millinery market. The more rapidly merchandise becomes out-moded the more difficult the adjustment of production to distribution and consumption. Millinery values are largely dependent upon day-to-day changes in style. If the number is out of date, the seller, whether manufacturer or retailer, is fortunate if he is able to dispose of it at any price.

The retailer suffers with the manufacturer in this respect. As a matter of fact, style piracy is at the root of much of the returned goods evil, as well as the cancellation of orders evil, which beset this industry. Piracy has played a far more serious part in business failures than has been acknowledged. The yearly loss to the industry, in the form of obsolescent stocks, returned merchandise, and canceled orders must run into the millions of dollars. It is a loss which affects the copyist no less than the originator. It is a loss the industry can but ill afford.

(d) The Consumer Interest.

According to the proponents of control, the curtailment of piracy would benefit the consumer in several ways. First, the average woman makes an investment not only in material and workmanship, but, what is more important to her, in style. At least 70% of the value of any piece of outer wearing apparel consists of this intangible in a woman's mind.(*) To purchase an item in millinery, therefore, which she believes to be an individual acquisition, and later to find it copied in inferior workmanship and material and in endless duplication, destroys the greater part of the satisfaction which she has looked to secure.

In the second place, excessive copying makes it necessary for the consumer to pay higher prices than would otherwise be the case. If piracy were controlled the originator would be able to produce more of the hats he designs. He would purchase his materials in greater volume and consequently at a saving; his factory organization would be more stable and less

(*) M.D.C. Crawford, Consumers' Advisor, Millinery Code Hearings August 1 and 2, 1933; undated memorandum addressed to Deputy Administrator Earl Dean Howard, Central Records Section.

time would be lost in shifting from the production of one style to another; the output of his employees would be increased by limiting their work to a smaller number of styles. All these economies would make possible lower prices to the consumer.

In the third place, excessive copying reduces the quality of material and workmanship going into the industry's product. The trends of competition are toward the poorest and cheapest that may be produced rather than to the best that will be accepted.

3. The Case Against Control.

(a) Effect of Copying on Demand. Agreeing with the proponents of control that the industry depends for its volume on a multiplicity of styles, the copyists claim for themselves the credit for that multiplicity. The rapid obsolescence of styles which is one of the consequences of piracy, they point out, increases the necessity for the constant creation of new styles. The freedom to imitate designs, moreover, has enabled manufacturers of low-priced merchandise to make available to the great mass of consumers the latest and cleverest style innovations at prices within reach of the most modest purse.

Design protection would also, it is held, decrease the demand for higher-priced millinery. The desire of women of better financial means for exclusiveness in their millinery causes them to buy a large number of hats each season. The speed with which imitations are made and the great numbers in which they are sold quickly deprive the new hat of its individuality and thus furnish the makers of more expensive headwear not only a stimulus to constant creation but also a market for their newly designed merchandise.

(b) The Consumer Interest. The copyists maintain that it has been primarily through their efforts that stylish millinery has been made accessible to the average consumer. A curtailment of their activities would create a condition out of line with our ideas of democracy. Visitors to this country are constantly amazed at the ability of the average American woman to dress in the height of fashion. European countries, having design protection, make this impossible. It is possible only where copying is easily and quickly done. A tendency toward social stratification with considerable consumer resentment would be the inevitable result of any attempt to abolish piracy.

(c) The Administrative Problem. The copyists maintain that the administrative difficulties confronting any conceivable program of control are insuperable. There is, first and foremost, the problem of defining in general terms what constitutes piracy and determining in specific instances whether a given hat is a copy. There are few designs which are in a strict sense original. The vast majority are simply variations on old themes.

Keeping in mind that the industry is one in which styles change with great rapidity, what recourse would a manufacturer have from an adverse decision of an administrative body? By the time the controversy could be settled, the style would be worthless. In view of this rapidity of style change, furthermore, would it be possible to set up an agency capable of handling the multitude of styles produced during the few short busy weeks of the year? It is also reasonable to suppose that manufacturers would file not only a vast number of different designs but also a multiplicity of variations on each such design, both to protect themselves and, possibly, to preempt the field on those particular types. The result would be a tendency to monopoly as well as the imposition of an impossible burden on the facilities of the registration bureau. No system could possibly work which did not render immediate service. Forty-eight hours would have to be the absolute maximum time for filing, and even this period is a long time to ask a

manufacturer to hold off production in the height of the season. The work of the agency would expand and contract with seasonal activity. It would have to be so organized as to handle literally thousands of registrations during a few weeks of the year and to remain comparatively idle during the slow months.

Finally, by what means would such an agency enforce its decisions? In the last resort, it must fall back on the courts. In an industry where styles are changing so rapidly, any such means of enforcement cannot be effective. Long before the matter could be scheduled for hearing, the style would be worthless.

4. Critical Evaluation.

The most interesting feature of this debate on control is the claim of both factions for the credit of maintaining demand for the industry's product. These conflicting claims are not incompatible, however. Both the originator and the copyist contribute to the diversity of styles. There are two distinct types of diversification involved. Originators are largely responsible for the diversification of styles offered in the market at any given instant of time; copyists are largely responsible for the multiplicity of styles offered during the course of any given period of time. The copyist, in other words, is responsible for the rapid succession of styles, the creator for the number of styles which constitute these successive "waves".

The distinction is important, and may be the key to an intelligent decision between the contentions put forward by each faction. Notwithstanding the lack of sufficient information on which to determine conclusively which type of diversification leads to increased consumption, a tentative conclusion may be broached. On the face of it, the copyist seems to have the better of the argument, because it is his activity which brings about the rapid obsolescense of style and consequently the necessity on the part of the consumer for more frequent purchases in order to keep pace with rapidly changing fashions. It is obvious, however, that this type of diversification is purchased at too high a cost. It is also probable that the diversification contributed by creators would provide sufficient consumer demand without exacting such tremendous tolls in the form of obsolescent merchandise. Piracy contributes substantially to the high degree of instability which besets the industry. It might very well be that it could afford some diminution in the rate of style turnover in exchange for more stable conditions. From the point of view of the consumer, the type of diversification contributed by the copyist is definitely undesirable. Style changes at best impose a considerable social cost and an artificially rapid rate to turnover can only be viewed as an unnecessary waste.

It is highly unlikely that even the most effective control of piracy would lead to any monopolistic tendencies. Any form of monopoly is simply inconceivable in the millinery industry. A prohibition of copying would probably increase the manufacturer's capital requirements and thereby prove a hardship to the "bankruptcy fringe," as well as render entrance into the industry more difficult. Both of these results, however, would tend to increase the stability of the industry.

Nor is it likely that the abolition of piracy would result in prohibitive price increases. In the first place, the cost of installing designing departments would not be excessive. The industry during the past few years has made wage increases many times greater than could possibly be involved in employing additional designers. Such increases have been made without any substantial rise in prices. The larger volume of business done by the popular-priced houses would make it possible to spread the added cost over a wide area. The addition to unit costs would be relatively inconsequential and the consumer would suffer little if any advance in price. Finally, competition would not be impaired and would operate effectively to check any undesirable price increase.

Any program of control would present considerable difficulties of administration. Piracy has, however, been controlled in the millinery industry in other countries and in other industries in this country. Notwithstanding the obvious inadequacies of these plans so far as a complete elimination of piracy is concerned, they have certainly checked the practice. Evidently, no undesirable results have accrued from these curbs; on the contrary, the industries have apparently profited thereby. (*) In any event, the controls have demonstrated themselves not impossible of administration.

Granting the desirability of control and conceding its success in other lines, the conclusion still does not necessarily follow that controls in the millinery industry are practicable at the present time. For instance, there are certain fundamental differences between the problems of the silk and millinery industries. In the first place, the elements of design are much simpler in the case of fabrics than in the case of millinery. Moreover, designs in fabrics are two-dimensional and in millinery three-dimensional. Consequently, the problem of classification is infinitely less difficult, as is the problem of determining whether a given design is an original or copy. Furthermore, the number of styles brought out in the millinery industry in any one season far exceeds the number brought out in a comparable period in the silk industry. The problems of administration, therefore, would be multiplied many fold in the milinery industry.

It is significant also that the silk industry is able to avail itself of the cooperation of converters and printers. Unless a design had been approved by the Registration Bureau, it cannot be processed. Without this extremely effective cooperation of the converters and printers it is at least doubtful that the plan could have been successful. The millinery industry, unfortunately, has no similar group whose cooperation could insure the success of a program of control.

(*) See Nystrom, Paul H., Fashion Merchandising, and Economics of Fashion. See also Transcript of Hearing, Dress Manufacturing Industry, November 15, 1934, testimony of Miss Louise L. Blunt, Director, The Industrial Design Registration Bureau, Inc. (Silk Industry), and Professor Royal Bailey Farnum, Chairman, Design Registration Bureau for Medium and Low Price Jewelry.

Most important of all, the silk industry went through an extended educational process before any actual steps toward control were undertaken. The question began to be actively discussed in 1916, but it was not until twelve years later that the Bureau of Registration was organized. During this period the matter had been debated on all sides and by 1928 all factions were ready for fairly stringent regulation. Without this process of education, the work of the Bureau would certainly have been infinitely more difficult. It might even have proved impossible.

The millinery industry has not had anything like the education on the subject that the silk industry had. It certainly behooves the advocates of control to look to this angle of the matter, for it is probable that the only permanent and effective means of dealing with the problem is by a long range program of education for producers, distributors, and consumers.

5. Efforts to Control

(a) Through Existing Law. One of the most persistently reiterated arguments of those who oppose the various types of piracy control which are put forward from time to time, is that existing laws afford ample protection to the originator where such protection is warranted. On examination, however, existing law, both common and statutory, (*) reveal themselves completely inadequate.

The common-law applies only in such instances in which fraud, conspiracy, or larceny may be proved with respect to the methods employed in copying, and as copying may be so readily done by methods entirely within the law, the common law of unfair trade is of no assistance. The trade mark laws afford no protection to the style creator, for the trade mark as such is of little value and the thing copied is the style itself. The copyright laws have been held by the courts to be inapplicable to designs used in commercial and industrial production. The patent laws afford protection only to things new and useful, and millinery designs have little to do with utility in the ordinary sense of the word. Finally, the design patent laws, under which one might naturally expect some sort of protection, are rendered largely inadequate because of narrow interpretations of the concept of originality, delays incident to the functioning of administrative machinery, and prohibitive costs of registration. The conclusion must be drawn that existing laws fall far short of affording adequate protection. Fashion creators have therefore turned to agitation along other lines.

(b) The Millinery Quality Guild. Private efforts of the millinery industry to control design piracy have been largely patterned on the Fashion Originators Guild organized in the dress industry in 1931. The Millinery Quality Guild, organized in 1934, operates through

---

(*) This discussion is based upon the cited works of Paul H. Nystrom and upon the Style Piracy Study of A. C. Johnson, Trade Practice Studies Section, N.R.A.

agreements with retailers in much the same manner as the Fashion Originator's Guild. These agreements bind the retailer not to purchase from any manufacturer any hat known to be a copy of a style created by a member of the Guild. The retailer also binds himself to stipulate in his dealings with manufacturers that any hat found to be a copy after purchase and delivery is subject to return. There were fourteen members of the Guild as of October 29, 1935.(*) The prices of merchandise manufactured by these members range from $4.50 to $12.50 per hat. The Guild's agreement has been signed by 1700 of the best retail outlets in the country. (**)

As to the success of the Guild, Mr. N. J. Garfunkel, its President, has this to say:

> "The degree of success has been limited, but most encouraging for the reason that we have been able, not only to maintain the principles for which this organization was created, but it has been a great stimulate and guide for the manufacturers of lower grade goods, to maintain a degree of ethics".

Fortune Magazine, reviewing the activities of the Millinery Quality Guild and of the Uptown Creators Guild (a group within the Quality Guild) draws the following conclusions:

> "The system has had some effect, but the members of the M.Q.G.(Millinery Quality Guild) and the U.C.G. (Uptown Creators Guild) represent only a minute fraction of the millinery business, and it is useless to expect the cheapest hat makers and the big, cheap retail outlets to sign any such agreement. They have everything to gain by copying . . . and they have nothing to lose but the goodwill of the highclass designers and retailers, for which practically enough, they don't give a damn." (***)

(*) Information contained herein with reference to the Guild, unless otherwise specified, is based upon a letter dated October 29, 1935, from Mr. N. J. Garfunkel, President of the Guild.

(**) "$200,000,000 Worth of Hats," Fortune Magazine, January 1935

(***) Ibid.

This rather terse conclusion is substantially accurate. It is highly unlikely that any voluntary efforts to control copying can achieve any substantial success, and the prospects of compulsory regulation, by federal statute or otherwise, are equally discouraging. For better or worse, it would appear that style piracy is here to stay and that the creative milliner must perforce adapt himself as best he may to a permanent. (*)

V. DISTRIBUTION PROBLEMS

Methods of distribution in the Millinery Industry have been revolutionized during the last decade. Distribution has assumed the characteristic aspects of large scale capitalism while manufacturing has not progressed far beyond the elementary factory stages. This revolution, manifested on the one hand by a drastic decline in the importance of jobbers and salesmen and on the other by the rapid rise of buying syndicates, is still in process, and the industry as a whole has not been able to adjust itself thereto. Complete adjustment is impossible so long as manufacturing and distribution remain at unequal stages of development. Substantial instability therefore must continue for some time, notwithstanding any degree of stabilization which may be achieved in other directions.

A. RETAIL OUTLETS

There are in the United States approximately 220,000(**) potential retail outlets for millinery products, by far the most important of which are leased millinery departments. The manufacturer is heavily dependent upon his distributive outlets. In the entire industry there are only a handful of houses whose trade names have any significance to the consumer. Even in such cases the influence of the trade name as a selling factor is slight. The manufacturer consequently cannot appeal directly to the consumer and must depend almost entirely on the promotional efforts of the retailer. This is only one of several factors which have combined to weaken the bargaining abilities of manufacturers in dealing with their distributors.

B. BUYING SYNDICATES AND LEASED DEPARTMENTS

Some years ago millinery generally reached its retail outlets through travelling salesmen. In recent years, however, the practice of selling from sample directly to buying syndicates has become more or less general. More recently still, there has developed among such syndicates a tendency to carry this procedure one step further, furnishing the producer with samples and specifications for manufacture.

"In other words, we have transition from a situation in which

(*) Efforts to control piracy through the Millinery Code will be discussed subsequently.

(**) Estimate to E. R. A. Seligman, op.cit., P.25

the emphasis is on the efforts of the manufacturer to dispose of his own product, to one in which his opportunity to sell has been replaced by a chance to bid on producing hats on the specification of the purchaser." (*)

The syndicate-leased department method of distribution is analogous to the centralized distributive mechanisms which have developed in other branches of the retail trade. Syndicates first began to be a factor in the millinery industry about 1920, but the period of their great growth dates from about 1926 or 1927. At the present time about 60 per cent (**) of all millinery produced in the United States passes to the ultimate consumer through syndicate-operated departments.

1. Causes for Growth of Syndicates.

There are a number of reasons for the growth of this form of merchandising. In the first place, it is in line with general economic tendencies toward centralization and mass distribution. In the second place, it is a result of the specialized problems inherent in millinery distribution. The management of a millinery department requires special ability in order to maintain the necessary reputation for style and in order to avoid ruinous losses in obsolescent merchandise. The rise of the syndicates has been in large part due to the inability of many department stores to cope with a specialized management problem. Financial difficulties of department stores accelerated the growth of the system during the depression. The definite rental offered by the syndicate was an attractive inducement to a store faced with declining volume and possible bankruptcy.

Today, almost half of all department stores in the country lease their millinery departments. (***) Millinery departments are, together with beauty parlors, the most commonly leased departments. A survey in 1928 by the National Retail Dry Goods Association indicates that, of the stores leasing departments, 34 per cent lease their millinery departments, and 31 per cent their beauty parlors. Shoes are third in ranking, 27-½ per cent of the stores leasing this department. (****)

The leased department system offers decided advantages from the management standpoint. There are, first of all, the very great economies of large scale buying. This, to start with the fact that the bargaining power of the syndicate is considerably greater than that of the average manufacturer, enables the syndicate to purchase its goods at extremely favorable rates.

(*) Seligman, op. cit. page 24. If the contract system ever develops in this industry, it will be a result of this process. The development will, however, be retarded by the influences discussed above under "The Absence of Contracting."
(**) Seligman, op. cit., page 28.
(***) Seligman, op. cit. page 29.
(****) Data quoted in an unpublished paper of the Code Authority, entitled "Syndicate Operation of Leased Departments."

In the merchandising of millinery, one of the greatest problems is the obsolescence of styles and consequent losses through mark-downs and unmoveable goods. The syndicate system partially overcomes this problem. Controlling departments in a number of localities, it is possible to transfer goods from one point to another, in many cases avoiding mark-downs altogether, and in most cases reducing the extent of the mark-down. This is one of the greatest advantages of the syndicate system over other types of millinery distribution.

*

The syndicate is unquestionably a highly efficient form of distribution. Little advantage therefrom, however, accrues to the industry. On the contrary, the industry profits less under the new arrangement than it did under the inefficiencies of the old system. The great size of the syndicate, as compared with that of the average manufacturer, and the syndicate's ability to play one manufacturer off against another, results in most of the benefits falling to the former. The situation closely parallels that obtaining between management and unorganized labor. Great discrepancies in bargaining power make it possible for one of the parties to dictate the terms of any contract. As labor's solution to the problem was unionization, so the industry's solution is organized bargaining. The most promising means would probably lie in the development of cooperative distribution, retaining the efficiencies of the syndicate system, but reserving to the industry a fair share of its advantages.

2. Geographical Distribution of Leased Departments. (*)

In the ten largest cities of the United States, the ratio of store- to syndicate-operated departments is about two to one. The favorable position of the store-operated department in this case, is evidently due to the proximity of such large cities as New York, Philadelphia, and Baltimore to the principal manufacturing center. In the second ten largest cities, however, the ratio is about two to one in favor of the syndicate-operated department, and in 40 of the first 93 ranking cities (not including New York, Newark, Philadelphia and Baltimore) the ratio is about seven to three. In cities of less than 100,000 population, the dominance of the syndicate is even more pronounced.

In following down the line from the first to the ninety-third city in rank, it is found that the percentage of syndicate-operated departments tends to increase for cities with population of less than 300,000. In cities of population in excess of 300,000, Washington, New Orleans and Seattle stand out as consisting almost entirely of leased departments. In cities of population from 100,000 to 300,000, in almost every case where data were obtained, syndicates handled a major part of the millinery business. In Oakland, California; Houston, Dallas and San Antonio, Texas; Oklahoma City and Tulsa, Oklahoma; Atlanta, Georgia; Birmingham, Alabama; Fort Wayne and Evansville, Indiana; New Haven and Hartford, Connecticut; Chattanooga, Tennessee; Wichita, Kansas; and Peoria, Illinois, the distribution of millinery is practically confined to syndicate-operated departments.

(*) The data included in this section are drawn from an unpublished paper of the Code Authority, entitled "Extent of Leasing of Millinery Departments in the United States."

The South has proved to be a particularly fertile field for the growth of syndicates. Millinery departments in the District of Columbia, Georgia, Alabama, Tennessee, Louisiana, Texas, and Oklahoma are almost entirely in the hands of syndicates. In Missouri, Michigan, Indiana, Illinois, Wisconsin, Minnesota, and Kansas a goodly share of the millinery business is handled by leased departments. In the extreme East and Northeast, Connecticut, Massachusetts, and sections of New York State and Pennsylvania stand out. In the Far West, California, Washington, and Oregon indicate extensive syndicate control.

C. DISPLACEMENT OF JOBBERS AND SALESMEN

An inevitable consequence of the development of syndicates has been the displacement of jobbers and salesmen. Many present day manufacturers, particularly in the South, Southwest, and Midwest, were formerly jobbers who as a result of a serious decline in their wholesale business, turned to manufacturing. Many of the problems arising under the Code grew out of the fact that such firms, being new to production and not having at hand a sufficient supply of skilled labor, had difficulty in maintaining the specified labor standards. No data exist on the extent to which the jobbing function has declined in importance, or the extent to which former wholesalers have turned to manufacturing or gone out of business altogether. It is nevertheless apparent that this function has lost in large degree its former preeminence, that many jobbers have gone into manufacturing, and that these developments have been primarily the result of the rapid rise of buying syndicates.

Not only have salesmen been displaced by syndicates dealing directly with manufacturers, but also by preempting their former outlets. It has been estimated that the syndicates have destroyed at least 35 per cent of the salesman's potential market. (*)

There are in the millinery industry today probably five times as many salesmen as it can reasonably support. (**) In addition to the growth of syndicates, other factors have contributed to the present excess. A marked tendency toward specialization in certain branches of the industry has brought about a situation whereby the lines produced by individual houses are inadequate to permit their salesmen to display the wide variety of types that are required by the fair sized modern outlet. Of equal importance is the fact that, coincidentally with the curtailment of the field for salesmen, the supply has increased not only relatively but absolutely. Bankrupt manufacturers and others formerly connected with production have, with the loss of their businesses, gone into salesmanship. With the heavy decline in the industry during the last decade, a very considerable group of this type has been created.

As a consequence of this excessive oversupply, the standards of salesmanship have deteriorated. In many cases salesmen are only in the business until they can find something more to their liking. Many of

(*) "Salesmen in the Millinery Industry," an unpublished paper of the Millinery Code Authority.
(**) Ibid.

them operate on a free lance basis. As a class, this type of personnel can contribute little to the orderly development of the business. On the contrary, they constitute an element of instability in an already badly unbalanced industry. Good salesmen, in whom both employers and customers have confidence, have it in their power not only to promote stable relations between producers and distributors, but, because of their knowledge of current conditions, to assist the manufacturer materially in the formulation of his business policies. The industry has suffered a serious loss by virtue of the glut on the market for salesmen, the loss of its best salesmen to more lucrative lines, and the impairment of the morale of those who have remained.

An effort was made under the Code to relieve this situation when an organization of salesmen requested that provision be made for a minimum wage of $35.00 per week for salesmen. The object of this minimum was not so much a guarantee of compensation as an instrument to force manufacturers to weed out their inefficient sales staffs and thus reduce the number of salesmen to a figure more nearly commensurate with the actual needs of the industry. Unfortunately, the movement died a-borning for lack of bargaining ability on the part of the salesmen's organization. Had the proposed provision been adopted, the results might well have been salutary.

VI. ORGANIZED LABOR

A. LABOR IN GENERAL

1. Principal Occupations.

In the parlance of the industry, millinery workers are divided into two principal catagories, "productive" and "non-productive". In the first category are included blockers, cutters, operators, and trimmers, and in the second, "factory" help, office employees, shipping crews, foremen and designers. The term "factory" help is a loose one, embracing miscellaneous, non-skilled employees who in various ways assist the "productive" workers. The other terms are self-explanatory. (*)

2. Apportionment of Employees by Occupation.

Almost half of all employees are trimmers, a little less than one-fifth operators and a little more than one-tenth blockers. The least numerous group are the cutters, who in 1934 accounted for less than 2 per cent of all workers employed. "Non-productive" workers aggregate about 22 per cent of all employees. (**)

(a) Variations Between Markets.

There are significant variations in the relative proportions of these employee groups as between markets and between seasons. Thus, the ratio of blockers in New York City is about one in eight as compared to a ratio in Chicago of about one in sixteen. Operators in New England account for between 23 and 24 per cent of all employees; on the Pacific Coast, they account for only 15 per cent, and in New Jersey for 38 per cent. (***)

These variations are primarly the result of two factors. In the first place, different markets specialize in certain types of headwear. Thus, New York City accounts, proportionately, for a greater volume of blocked hats than other markets; blockers, therefore, are relatively more important. In markets such as those on the Pacific Coast which specialize in trimmed hats, the proportion of trimmers is unusally large. Of greater importance is the supply of labor. Where the supply is limited, the shop must be so organized as to include a greater proportion of less skilled employees. It is this labor supply, in fact, which largely conditions the type of hat to be produced.

(*) For a formalized definition of the terms "blocker", "cutter", "operator", and "trimmer", see Article II, Code as amended November 9, 1934.

(**) See Table 28.

(***) See Table 28

(b) Variations between Seasons.

Equally significant variations occur as between seasons. In New York City, at the height of the 1934 spring season, 49 per cent of all employees were trimmers, 19 per cent operators, and 10 per cent blockers. At the height of the fall season, the proportions had changed to about 46 per cent trimmers, 16 per cent operators, and 14 per cent blockers. In both seasons, cutters accounted for one and one-half per cent. These variations arise from the fact that trimmed hats predominate in the spring and blocked hats in the fall. (*)

3. Wages.

The most highly paid employees in the industry are the blockers and cutters whose average earnings (over the entire country) in 1934 were in excess of $1700. Operators in 1934 averaged slightly less than $1400., and trimmers $762. There are wide discrepancies in the earnings of employees in various sections of the country. The average annual wages for all employees in New York for 1934 was $1,209. as compared with an average of $931. in the North Central, $894. in the West Central and $332. in the Southern States. (**) These discrepancies are due partly to variations in the skill of labor and partly to the presence or absence of effective collective bargaining. The data quoted covers a period during which the Code was in operation. Prior to the Code the discrepencies were considerably greater. (***)

B. COLLECTIVE BARGAINING

1. Historical Background.

The first collective agreement in the millinery industry was signed December 30, 1915. (****) Periodically thereafter new agreements were written, until 1922, when, largely as a result of the post-

---

(*) See Table 29

(**) See Tables 30 and 36

(***) See discussion under "Pre-Code Conditions", Chapter II

(****) Unless otherwise specified, the data set forth in this section was compiled by Joseph E. Brodinsky, Labor Studies Section, largely by means of personal research in the files of the millinery union in New York City.

war depression, the union was unable to secure a renewal. Collective bargaining was not reestablished until 1932.

Since that time, the power of the union has grown rapidly. In early 1933, about 30 per cent of the workers -- practically all of them in New York City -- were under collective agreements. By the summer of 1934, the union controlled practically 100 per cent of the New York market and had a strong foothold in most of the other important markets. About 90 per cent of all workers in the industry today are members of the union and work under the protection of a collective agreement.

2. Structure of the Union.

The United Hatters', Cap and Millinery Workers' International Union, although affiliated with the American Federation of Labor, is of the industrial union type. As indicated by its name, it embraces within its membership not only millinery workers but hat and cap workers as well. The present organization is a result of a recent amalgamation of the United Hatters of North America and the Cap and Millinery Workers' International Union. The active affairs of the millinery workers today are handled by the "Cap and Millinery Department" of the amalgamated organization.

The millinery workers are exceptionally well led. Their President, Mr. Max Zaritsky, is a union official of really stateman-like qualities, who occupies in the ranks of organized labor a position far more important than the size of his union would otherwise warrant. To him must be given major credit for the rapid growth of the union after 1932. It is not too much to say that, under his leadership, the union, by its effective control of working conditions in all the important markets, exercises the most potent stabilizing influence at work in the industry today.

C. ARBITRATION OF DISPUTES.

1. Preliminary.

Provision of machinery for the peaceful settlement of controversies between employees and employers has been a feature of collective bargaining in this industry from the beginning. Each collective agreement contains a provision for the election of a shop committee. Whenever a worker wishes to register a grievance he consults the chairman of this committee, who brings the matter to the attention of the management. If the complaint can not be settled by the shop chairman and the management, it is referred to the business manager of the union and a representative of the employer's association, who in turn attempt to reach an amicable settlement. In the event settlement is still impossible, the entire case is submitted to a board of adjustment.

2. The Adjustment Board for New York City.

(a) Membership.

First established in 1915, the Millinery Adjustment Board for New York City is composed of five representatives of employers, five representatives of labor, and an impartial chairman. Representatives of management and labor receive no compensation for their services as members of the Board. Joseph Barondes acted as impartial chairman from 1915 to 1917, when he was succeeded by Dr. Paul Abelson, who has served until the present. The Board maintains separate offices, supported equally by the associations and the union.

(b) Procedure.

Complaints submitted to the adjustment agency may be heard either by the full membership of the Board or by the impartial chairman alone. All parties to the dispute are required to be present, and lengthy informal arguments are permitted. If the dispute involves a technical matter -- such as the determination of piece-rates -- the impartial chairman, in an investigation supplemental to the hearing, may utilize the services of experts.

After sufficient information has been obtained relative to a complaint, the Board, through its chairman, usually suggests an adjustment in the way of a compromise. If the proposal is unsatisfactory to the parties, the Board hands down a formal decision. In order to avoid the establishment of precedents, such decisions are not supported by argument.

(c) Enforcement of Rulings.

Decisions of the Board are binding upon both employers and employees. If the employer refused performance within the time limit fixed in the award, he loses the protection of the collective agreement. In practice, this usually means a strike. The decisions of the Board are also enforceable in courts of law.

(d) Cases Handled.

During the years 1932-1934, the Board held 489 hearings and handed down 271 formal awards. During the first six months of 1935, 190 hearings were held and 130 awards were made. The majority of cases handled by the Board involve piece-rate determination, equal division of work, discharge and alleged discrimination, and substandard workers.

In addition to his work as an interpreter of existing terms of employment, the impartial chairman assists in the negotiation of new collective agreements. Agreements in New York expire in January. Some time in advance, conferences are held between representatives of the association and the union. The impartial

chairman presides at such conferences, and while he has no vote his influence is considerable. He is also often required to act in an advisory capacity in other connections. By and large, the impartial chairman is available for any emergency within the scope of industrial relations.

3. Settlement of Disputes Outside New York City.

Collective agreements for other markets have usually established arbitration machinery similar to that for New York. The adjustment boards for Chicago, Philadelphia, St. Louis, Cleveland, and Milwaukee furnish the best examples. In each case, the procedure is similar to that obtaining in New York, though there are minor variations to meet peculiarities in local conditions. The number of members is usually smaller, though all boards are bi-partisan and all presided over by an impartial chairman. These boards, having all been recently established, have not as yet assumed the commanding position of the New York board, nor do their impartial chairmen exercise a degree of influence comparable to that exercised in New York by Dr. Ableson. Nevertheless, in each case the board and the impartial chairmen are integral parts of the collective bargaining system, and will in time probably occupy a position commensurate with that obtaining in New York.

4. Achievements of the Adjustment Boards.

The principal achievement of the adjustment boards has been in the maintenance of industrial peace. Largely because of their effective operation the number of strikes has been materially reduced. In 1934, before the boards outside New York had been well established, a total of 26 strikes took place, involving 12,551 workers and causing a loss in man-days of 274,070. In the first seven months of 1935, however, the number of strikes was reduced to 16, the number of workers involved to 3,312, and man-days lost to 64,040. (*)

(*) Bureau of Labor Statistics.

CHAPTER II

THE MILLINERY CODE

I. FORMULATION OF THE CODE

A. PRE-CODE CONDITIONS

The millinery industry has been in a constant state of decline for a number of years. It is probable that this decline first began about 1925, for it was then that the introduction of the "simple hat" accomplished what amounted to a miniature industrial revolution.(*) Unfortunately, however, no reliable data of any kind exists for any period prior to 1926. There is no census data for any period prior to 1927. Trends prior to these dates may only be surmised.

1. Value of Product

In 1933, the industry's value of product totalled $77,000,000, as compared with $145,000,000 for 1931, $196,000,000 for 1929, and $209,000,000 for 1927. In six years, the industry suffered a decline in its dollar volume of more than 60 percent. It is evident also that this decline proceeded at an accelerating pace. From 1927 to 1929, value of product fell off by 6.2 percent; from 1929 to 1931, by 26.0 percent; and from 1931 to 1933, by 47.0 percent. Millinery values declined at a more rapid rate than values for manufacturing industries generally. In 1927, the percentage ratio of millinery to all other manufacturing was 0.33; in 1933, it was 0.25.(**)

2. Price Ranges

This drastic decline in value of product is primarily a result of the introduction of several new price ranges. (***) Prior to the depression, so-called "popular" hats sold for about $24.00 a dozen, wholesale. Hats selling at $18.50 per dozen were considered cheap. The picture today, however, has radically changed. Label sales of the code authority, disclose that 59.5 percent of all millinery produced in 1934 sold at $13.00 per dozen or less, and 85.7 percent at $24.00 per dozen or less. 5.9 percent sold at less than $4.00 per dozen.(****)

(*) See infra.

(**) See Table 32.

(***) See Table 33.

(****) See Table 34.

Some hats are sold as low as $1.60 per dozen and there are a few firms which sell regularly at $0.90 per dozen. A women's hat which before the depression was an article of merchandise in a class with shoes has now reached the point where it is being widely distributed through such retail channels as Woolworth's and Kresge's.

3. Causes of Decline

(a) General Causes. The trend toward lower prices in millinery is due to both general and specific causes. In the first place, the trend is in line with a similar movement in other articles of consumption -- as, for instance, the displacement of sterling by silver plate, solid furniture by veneered, etc.

> "It is not surprising that this tendency should have left individuals more susceptible to the appeal of low-priced millinery, especially if it possesses some of the features of the expensive, carefully designed creations."(*)

The economic depression, of course, has accelerated the movement toward lower prices. Drastic declines in labor and material costs have played an important part in making lower prices possible. The relative decline in each of these cost elements has been about the same. (**) An even more significant result of the depression was the general decline in purchasing power, which caused the consuming public to demand ever cheaper and cheaper merchandise.

At least a partial explanation of the decline in millinery prices has been a change in the general price level. Prices of all apparel rose rapidly from 1914 until they reached their peak in 1920. Prices then fell rapidly all through 1921, and thereafter declined more gradually until 1927, when they again turned upward as a result of the business boom. Even at their height, however, prices in 1928 and 1929 never reached the levels of the war prosperity period, and after 1930 there was again a rapid falling off, thus reducing substantially dollar sales volume, without respect to any reduction in unit consumption.

(b) Specific Causes. A considerable amount of consumer income has been diverted from the purchase of millinery to the acquisition of new luxury items. Among the most important of these have been accessories, hosiery, handbags, costume jewelry, cosmetics, beauty treatments, etc. Expenditures for items other than personal adornment have had a similar effect on millinery sales.(***)

(*) Seligman, op. cit., P. 17.

(**) See Table 35.

(***) See Kystrom, Economics of Fashion, p. 441.

The most important cause for the decline in millinery prices, however, has been the simplification of styles. The simple hat, which came into vogue about 1935, required much less expenditure for raw materials and considerably less labor. Great outlays for flowers, feathers, bows, and buckles were no longer necessary, and hats without such ornamentation could be produced with a much smaller working force. The intensity of competition has kept prices down to the level of costs, and even below.(*)

4. Effects of Decline.

The demand for millinery is not greatly dependent upon price. Drastically lower prices have not brought about, so far as may be discerned, any appreciable increase in unit sales. Consequently, the decline in prices has been accompanied by a similar falling off in number of establishments, employment, and wages.

(a) Number of Establishments.

In 1927, according to the Federal Census, there were 1148 establishments in the millinery industry. This number increased to 1,293 in 1929, but declined again to 1,129 in 1931. By 1933 the total number had fallen to 834 -- a decline of 33.5 percent.(**) No data on mortality as such are available, but the foregoing indicates that it must have been enormous.

(b) Employment.

Using the 1923-25 average as a base, employment in the industry fell from 105.7 in 1928 to 91.8 in 1930, to 83.7 in 1931, to 77.3 in 1932, and to 75.9 in 1933.(***) In actual numbers, employment fell from 33,311 in 1927 to 22,574 in 1933. This rate of decline is about equal to that recorded for manufacturing industries generally.(****) In addition to actual unemployment, there was a great deal of part-time employment. Whereas the ratio between the index of employment and the index of payrolls (*****) for 1928 was 105.8 (base year, 1929), the ratio in 1933 was only 68.2. The difference between this figure and 100.0 indicates the extent of part-time employment.

(*) For discussion of the revolutionary effect of the simplification of styles, see "200,000,000 Worth of Hats," Fortune Magazine, January, 1935.

(**) See Table 18.

(***) See Table 22-A.

(****) See Table 36.

(*****) See Tables 26 and 27.

(c) Wages.

Earnings fell off to an even greater extent than employment. Using the 1923-25 average as a base, payrolls declined from 113.9 in 1927 to 53.4 in 1933. As against a total wage bill of $76,300,000 in 1927, millinery workers received only $21,400,000 in 1933. This decline was greater proportionately than that recorded for manufacturing industries generally. Average annualwages during this same period fell from $1,405 to $900. The ratio of wages to value of product, however increased from 22.3 in 1927 to 26.3 in 1933, indicating that wages did not decline as rapidly as the industry's dollar volume.(*)

5. Disproportionate Incidence of Decline.

The decline in value of product, employment, and wages was by no means uniform throughout the country. In 1929, 64.4 percent of the industry's total value of product was produced in the State of New York, and in 1933 only 60.8 percent. In the meantime, the share of business going to Illinois increased from 10.2 percent to 11.6 percent, that going to Massachusetts from 3.6 percent to 3.3 percent, that going to Georgia from 1 percent to 2 percent, and that going to Texas from 0.9 percent to 1.5 percent. In addition to New York, States whose share in the total business decreased included California, Pennsylvania, Wisconsin, Ohio, and Washington, (**) An especially good example of the rise of new markets may be found in the case of New Jersey. As against a decline in dollar volume of almost 63 percent in New York, dollar volume in New Jersey actually increased. In 1929 there were only 13 establishments in the entire state; in 1933 there were 41 -- an increase of more than 220 pervent. An overwhelming majority of this group had previously been located in New York City and had moved across the river in search of cheap labor. (***) In other words, there had set in a definite tendency for the industry to migrate from its older and more established centers.

Wages constitute an unusually large portion of total cost, and most of the markets outside New York, because they paid relatively low wages, had a significant competitive advantage. The average annual wage in New York in 1929 was $1,604, as compared with $1,375 in Illinois, $1,029 in Massachussets, $1,020 in New Jersey, $931 in Texas, and $771 in Georgia. (****) The fact that in the unionized New York market the equal division of work doctrine prevails indicates that the

---

(*) See Tables 23, 37, and 38.

(**) See Table 12.

(***) See statement of Max Zaritsky, Transcript of Hearing, Proposed Code of Fair Competition for the Millinery Industry, August 1 and 2, 1933, page 308. See also statement of representative of New Jersey manufacturers, Transcript of Hearing, Special Millinery Board, January 9-12, 1934.

(****) See Table 39.

discrepancy between wages in this and other markets is even greater than that set forth above. To a certain extent, the disproportionate earnings of employees is accounted for by variations in their skill. While no data exists on which a scientific comparison might be made of the average abilities of workers in different markets, it is highly unlikely that the discrepancies in skill were as great as those in wages. (*)

The tendency of business to gravitate to low-wage markets was increased by unequal rigidities in the wage structure. As deflationary influences set in, manufacturers sought desperately to reduce their costs. It is difficult and often impossible to effect substantial reductions in overhead costs; material costs, while subject to great variation, are at any given moment substantially the same in all parts of the country, and in any event not subject to control by the manufacturer. Labor, in consequence, bore the brunt of the deflationary influences, and widespread wage reductions were the order of the day.

> "But the reduction has been neither universal nor uniform. In some centers and among certain types of manufacturers wage scales have been fairly well maintained. But other employers whose size or type of business permitted lower wages or who were located in a territory in which labor was susceptible to the 'chiseling' process, were able to set prices on the basis of low labor costs. It is the spread of this competitive pressure toward lower wages which has largely demoralized the industry." (**)

In New York City, where the greater part of the industry is located, wage rates were high and hours short. Labor, because of its strong and well-organized position, was able to prevent any substantial reduction in rates or increase in hours. In non-union markets, however, this inflexibility did not exist to any thing like the same degree. Wage rates were cut and hours lengthened practically at the will of the manufacturer. As a result, New York manufacturers found themselves in a very unfavorable position as compared with manufacturers located in non-union centers.

(*) This conclusion is borne out by general experience in the administration of the Millinery Code and by the data obtained on a similar question by the Coat and Suit and the Cap and Cloth Hat Commissions. In the reports of both these Commissions it was demonstrated that traditional wage differentials between markets were considerably in excess of differentials in skill.

(**) Seligman, op. 12.

The only possible alternatives for most manufacturers compelled to maintain high wage standards were migration to non-union areas or sales below actual cost of production. When the first alternative was followed, labor in the organized market was left stranded; the result of the second was often bankruptcy. It is probable that the bankruptcy figures of 20 per cent in New York and 8 per cent in other parts of the country, claimed by the Women's Headwear Group, were not far from wrong. Certainly there was a much higher bankruptcy rate in New York than elsewhere, and this higher rate is doubtless due in large part to the unfavorable position of the unionized New York market.

In this connection it is significant to note that these shifts in production have added to the industry's burden of overhead, and that this burden is largely borne by the markets whose production had declined. ". . . The industry's overhead has been augmented by the rise of new production centers . . . The equipment and working capital (of those located in declining markets) have been seriously injured and even rendered useless." (*) Thus to the disadvantage of a higher labor cost was added an increasing overhead.

Members of the industry were compelled by these conditions to employ unfair and uneconomic business practices. Although prices had already reached abnormally low levels, secret rebates disguised as advertising allowances became common. The desire for business and the need for ready cash brought about the allowance of exorbitant cash discounts, ranging in many instances as high as 15 per cent. The downward spiral in prices was so rapid, and these and similar practices became so widespread, that it was impossible for members of the industry to know at any given time the actual prices at which millinery was being sold by their competitors, thus further demoralizing an already harassed market. By the spring of 1933 the industry was on the verge of complete collapse.

6. Effect on Related Industries.

The decline in the purchasing power of millinery workers tended to depress the market for consumer's goods generally. Industries and trades supplying the millinery industry suffered severe depreciation in the value of their goods and heavy capital losses from consequent failures. Wages and employment in such trades and industries suffered accordingly. The effect was cumulative and ever-widening. Losses in one industry were reflected in industries immediately connected with it. The lowered purchasing power of each labor group resulted in further losses in other lines. The net effect was a serious and widespread reduction in the interstate commerce of the nation. The

---

(*) Ibid., 3.

depressed condition of industry caused landlords and the holders of realty mortgages and securities to suffer great losses. Landlords could not collect their rentals, especially when bankruptcy courts discounted claims. Manufacturers, having lost their credit ratings, withdrew their bank deposits. The Government suffered a curtailment in the amount of taxes collected.

Proportionately, the millinery industry played a comparatively small part in the general economic collapse of early 1933. But it did contribute to that collapse, and the extent of its own internal disorganization was even greater, relatively, than that which generally obtained.

B. DEVELOPMENT OF THE CODE PRIOR TO PUBLIC HEARING

1. Associations in the Industry.

(a) Associations in General. The extent of disorganization within the Industry is strikingly illustrated by the number of rival trade associations which antagonistic groups have created to protect their individual interests. A number of attempts have been made to forge an industry-wide association. But all such attempts -- including the National Millinery Council, the most notable of them -- have been remarkable only for the completeness of their failure. The powerful centrifugal force of these mutual antipathies was later to make itself felt in the Code Authority and to necessitate unusual treatment on the part of the National Recovery Administration.

Roughly, the industry is divided on three main lines of interest - type of labor relationship, price range of product and geographical location. Associations tend to build themselves up accordingly. There are associations whose primary purpose is that of bargaining collectively with organized labor, others whose principal objective is the protection of manufacturers in certain price ranges, and still others whose raison d'etre is the furtherance of the interests of particular markets. In some cases a single association may combine all these purposes, except, of course, such as are mutually exclusive. Some of the larger organizations also act as credit-clearing agencies and perform other normal association functions. The Women's Headwear Group is perhaps the best example of an all-around trade association in the industry, but it is largely confined to New York City. At one time or another between June, 1933 and June, 1935 no less than 23 associations existed within the industry. Many of these were created to represent small geographical groups before the Code Authority and NRA. Since the invalidation of NRA, most of such associations have disappeared.

(b) The National Millinery Council. The proponent association of the Millinery Code was the National Millinery Council. About nine months prior to the passage of the National Industrial Recovery Act, the industry had reached such a state of disorganization that a spontaneous movement had developed looking toward concerted remedial action. It was not, however, until the Recovery Act began to take

definite form in Congress that the movement progressed beyond the conference stage.

The National Millinery Council was formally organized May 18, 1933. It was an association of associations; in other words, its membership was made up not of individual manufacturers, but of organized groups. In addition to the millinery industry proper, the Council also embraced associations within related industries and trades -- as, for instance, distributors, importers, supply houses, manufacturers of flowers and feathers, etc. The lopping off of these extraneous elements was to cause considerable confusion when it became apparent that, for Code purposes, related industries and trades were to be given separate treatment.

The Council claimed to -- and probably did, prior to the public hearings -- represent about 95 per cent of the New York market and about 80 per cent of the entire country. (*) The principal associations of millinery manufacturers composing the Council were the Women's Headwear Group, the Eastern Millinery Association, the National Association of Ladies Hatters (all of New York), the Midwest Millinery Association (Chicago), and the Philadelphia Hat Manufacturers Association.

The chief executive officer of the Council was Mr. Max Amberg, a millinery manufacturer whom the industry during the dark days of early 1933 had proposed to make a "dictator." The general counsel, who was to play an important part in the first months of the negotiations on the Code, was Mr. Sylvan Gotshal. Other important figures included Messrs. J. E. Helfer of the Women's Headwear Group, L. Shirley Tark of the Midwest Millinery Association, J. A. Farley of the New England Millinery Manufacturers and Jobbers Association, W. J. Garfunkel of the Eastern Millinery Association, and Earl M. Farrington of the National Association of Ladies Hatters.

The fatal weakness of the Council lay in the fact that it attempted to bring together factions within the industry without sufficient recognition of deep-seated and traditional antagonisms. It was soon to become apparent that the Council was little more than a rope of sand.

2. Early Code Proposals.

In the formulation of the original Code such matters as fair trade practices, administration, hours of work, and even secondary labor provisions were scarcely discussed. The early history of the Code must therefore be traced in the evolution of the wage provisions relating to skilled labor.

(*) See discussion of representative character of the Council in Millinery Code History, p. 9, First Edition.

On July 5, 1933 a draft of a proposed code, heavily marked "CONFIDENTIAL" was submitted to the author in New York by Messrs. Amberg and Gotshal of the National Millinery Council, for comment and suggestion. This draft provided for a 35-hour five-day week, and minimum wages ranging from $14.00 to $43.75 per week according to occupation.(*)

This draft was almost immediately withdrawn. The Council as originally organized was composed of four associations whose membership was largely concentrated in New York City and for the most part having contractual relation with the millinery union. They were naturally anxious that the code specify wage minima fairly commensurate with their own commitments. In the meantime, however, the Council had greatly extended its membership through the adherence of groups from all parts of the country. With the influx of these new elements, most of which were non-union, the balance of power had shifted and the original proposals were perforce withdrawn. (**)

A completely revised set of proposals was formally submitted to NRA on July 18, 1933. Its pertinent provisions called for a 40-hour week, with a substantial allowance for overtime, and, as to wages that

> "Minimum wages shall be paid to all employees at the rate of 35¢ per hour for New York City; 32½¢ per hour for Chicago and 30¢ per hour elsewhere in the United States of America."
>
> "The industry recognizes that certain operations are classified as skilled and certain operations as semi-skilled and that foregoing minimum wage has no reference to such classes to whom higher wages shall be paid." (***)

3. <u>The Public Hearing</u>.

Vigorous opposition to the Council's revised wage proposals developed at the public hearing. The Women's Headwear Group had resigned from the Council when the "Confidential draft" was withdrawn, and at the hearing presented a Code of its own, calling for classified rates ranging from 35 cents to $1.00 per hour. A third Code, specifying minima ranging from 70 cents to $1.30 per hour was proposed at the hearing by labor. (****)

(*) Articles II and III, "Confidential Draft of Proposed Code of Fair Competition for the Millinery Industry," Docket of Code No. 151, Volume A, Central Records Section.

(**) The facts set forth above are drawn from the writer's personal experience. They may be verified by reference to Docket of Code No. 151, Volume A, Central Records Section.

(***) Docket of Code No. 151, Vol. A, Central Records Section.

(****) <u>Transcript of Hearing, Proposed Code of Fair Competition for the Millinery Industry</u>, August 1 and 2, 1933; pp. 109 and 173.

The lines were clearly drawn over the issue of classification. The industry was split into two warring camps, union and non-union, and no compromise between them appeared possible. Little consideration was given to specific proposed rates, and practically the whole of the hearing was given over to debate on the principle of occupational minima as opposed to a single minimum. Hardly any attention was paid to the other provisions proposed. So far as tangible results were concerned, the hearing accomplished little beyond inflaming the passions of the two factions.

C. FROM PUBLIC HEARING TO FINAL APPROVAL

1. "The Semi-Final Draft."

Subsequent to the public hearing, a series of conferences were held in Washington and New York, culminating in an all day and evening session in Washington on August 16. As a result of this latter conference, Deputy Administrator Earl Dean Howard formulated a so-called "Semi-Final Draft," in which the principle of classification was recognized and concessions made to the non-union markets in the form of reduced minimum rates.(*) The provisions of this draft were concurred in, though rather reluctantly, by the Deputy's advisors. As to the merits of the comrpomise, Deputy Howard had this to say:

> "It is satisfactory to nobody, including myself. However, I believe that it represents the best thought that up to date we have been able to evolve, that is to say, it will probably raise the least objection in general from all parties concerned of any draft that we have yet seen." (**)

This attempt at compromise received the approval of only two groups, the Eastern Millinery Association and the National Association of Ladies' Hatters.(***) It was vehemently opposed by all the non-metropolitan groups on the ground that it recognized the principle of classification.(****) Opposition no less vigorous came from the Women's Headwear Group and from the Union; satisfaction was registered at the recognition of classification, but objection was made that the rates set were far too low. (*****)

2. Deadlock

No further action was taken during the remainder of August. The Deputy's office, however, was flooded with protesting telegrams, letters, and briefs from all parts of the country. About September 1, 1933 the Deputy addressed a memorandum to the Administrator in which the following statements were made:

(*) Undated memorandum from Deputy Howard to Administrator; circa September 1, 1933. Docket of Code No. 151, Vol. B-2, Central Records Section.

(**) Memorandum of Deputy to Cenfersees, August 17, 1933, docket of Code No. 151, Vol. B-1, Central Records Section.

(***) See joint brief of these associations, addressed to Deputy Howard, dated August 29, 1933. Central Records Section.

(****) See numerous letters, briefs, and memoranda contained in Docket of Code No. 151, Vols. A,B,B-1, and B-2, Central Records Section.

(*****) For objections to Headwear Group, see their undated Brief, Central Records Section. For objections of Labor, see letters from Mr. Max Zaritsky to Deputy Howard, August 15, 1933; Docket of Code No. 151, Vol. B-1. Central Records Section.

"Political and other pressure was applied and a bitter struggle involving personalities was inaugurated...

"The effect of this campaign has been to cause the withdrawal of all proposals and to start labor disturbances in various markets..." (*)

On Deputy Howard's memorandum, Acting Administrator Hancock made the following pencilled notation:

> "I see no solution but to say to the industry that we will have to impose a code in ten days unless an agreement is reached in the meantime."

This brusque advice was never followed through to a conclusion. Leaders of both factors were advised that an imposed code would be forced upon them if they did not quickly come to terms, but this threat did little to soothe the troubled waters. As matters turned out it was highly fortunate that action was withheld for neither the industry nor NRA at that time was sufficiently conversant with the implications of the controversy. Without those four and one-half months of bitter struggle no successful code for this industry could ever have been written.

3. The Deadlock Broken.

The impasse was finally broken by the Millinery Union. Labor had recognized before anyone else the fundamental basis of the controversy and had been conducting since the middle of August a vigorous campaign of unionization. As a result of that campaign, the union consolidated its hitherto dubious strength in New York City and brought a majority of manufacturers in Cleveland, St. Louis, and Chicago under collective agreements. By mid-September the effects of the Campaign on the code-making process had become apparent.

Unionization not only removed the objections of these markets to occupational minima but made them vigorous proponents thereof. Representatives of the Chicago market, for instance, had been during the summer among the leaders of the anti-classification faction. Immediately upon the settlement of the Chicago strike in favor of the union, however, these same representatives unblushingly swung to the other side and became outstanding advocates of classification. The Chicago group should not, however, be accused of unwarranted perfidoty. Their position merely changed with changing circumstances. The union agreements to which they became bound called for the payment of minimum wages graded according to occupation. They were naturally anxious that similar burdens be borne by all their competitors. It was impossible, for the moment at least, to hope that this result could be accomplished by the activities of the union. The only other instrument available was the code.

A second factor which assisted in the breaking of the impasse to which matters had come in early September was the submission of new code

---

(*) Undated memorandum from Deputy Howard to the Administrator ; Docket of Code No. 151, Vol.B-2, Central Records Section.

proposals by the Women's Headwear Group and the Union. (*) These proposals specified classified rates -- for New York City ranging from 70 cents to $1.50 per hour, and for all other crafts ranging from 60 cents to $1.00 per hour.

. The October Agreement

Negotiations were resumed on the basis of these proposals. No great progress was made, however, until October 4, when in recognition of the fundamental division of interest between the union and non-union markets the following suggestions were made by Deputy Howard:

> "Let us divide the country into two areas; (1) the large city area, consisting of New York, Chicago, Philadelphia, Cleveland, St. Louis; (2) all the country outside of this area. For the large city area let the unions and the manufacturers agree together on the scales to be put into the code. For the outside area, let us adopt the scales proposed in my compromise plan. (A basic minimum of $14.00 and a single classified minimum of $27.00 for blockers.)" (**)

These proposals were refined in a series of conferences held in New York during the succeeding ten days. The resulting draft of a code divided the country into three areas: metropolitan New York, "states who (sic) are now organized or in the process of organization by Labor," and all other portions of the United States. Classified rates were established for the principal crafts, with a differential between areas ranging from 20 to 25 per cent. These arrangements were agreed to by the Women's Headwear Group, the Midwest Millinery Association, the Union, and what remained of the Millinery Council. (***)

The code provisions thus agreed upon contained several features designed to compose the differences between the New York and non-New York groups. In the first place, three areas were established, with substantial differentials between each. Millinery being predominantly female in areas outside New York, a special minimum for female milliners was established. Most significant of all was the provision that the classified rates were to apply only to 75 per cent of the total number of workers in each craft. This proviso came subsequently to be known as "tolerance". It constituted, in reality, a reduction in the specified minimum, but it had the virtue of disguising that reduction.

(*) Sept. 1, 1933. Signed copy on file in Docket of Code No. 151, Vol. B-2, Central Records Section.

(**) Letter dated October 7, 1933 from Deputy Administrator Howard to Mr. Sylvan Gotshal. See also memorandum dated September 26, 1933 from Deputy Howard to Dr. Wolman, Labor Advisory Board. Both documents in Docket of Code No. 151, Vol. B-1, Central Records Section.

(***) Letter from L. J. Gotshal to Deputy Howard, October 12, 1933. Docket of Code No. 151, Vol. B-1, Central Records Section. It should be noted that no one in the Millinery Council represented the outside the New York market. An agreement between the Council and the Headwear Group in mid-October would in fact have been as significant as a similar agreement would have been in mid-August.

At a meeting in Washington on October 30, 1933 a complete code was drafted on the basis of this agreement. Among other things this conference finally disposed of the hours question. Labor had demanded a 35-hour week, and industry (all factions, for once) had demanded 40. A compromise was reached at 37½. (*)

5. Further Delay

The delegates left this conference expecting the approval of their code within a few days. They reckoned, however, without the still vigorous opposition of the anti-classification minority, whose protests were so numerous as to make the Administrator extremely reluctant to give his approval.(**) He therefore directed that the entire question be reviewed in detail by Deputy Administrator D. H. Mitchell and Division Administrator A. D. Whiteside. Both these officials in the beginning had considerable doubt as to the wisdom of classification. After intensive study and many conferences, however, they finally came round to the view that it was necessary. Nevertheless, the proportion of the industry still in opposition(***) appeared so substantial that they still hesitated to recommend that the code by approved. Leaders of the pro-classification forces, recognizing the basis of this further reluctance, took steps to win the definite allegiance of the St. Louis and Cleveland markets. These markets had originally been leaders among those opposed to classification, but following their unionization the vigor of their protests had gradually diminished. Unlike Chicago, however, they did not switch immediately to a wholehearted support of classification. Their remaining objections were not against the principle, but were directed toward the specific rates proposed and the failure -- to their minds -- to provide a proper differential.

In order to bring these markets definitely to their support, representatives of the New York and Chicago groups made overtures to St. Louis and indirectly to Cleveland. In the course of a series of conferences during the middle of November an agreement was reached whereby rates were fixed for the St. Louis and Cleveland markets midway between those previously established for Chicago and for the lowest wage area. This device had its intended effect of adding St. Louis and Cleveland to the ranks of those agitating for the approval of the code.

(*) Daily report of author, October 30, 1933, Docket of Code No. 151, Vol. B-1.

(**) See voluminous file of protesting letters, briefs, and telegrams in Docket Code No. 151, Vols. A, B, B-1, and B-2, Central Records Section.

(***) The Associations who had assented to the Code claimed to represent 85 per cent of the industry. Actually, they represented only about 65 per cent. See documents on file with original of code as approved, Central Records Section.

6. Final Approval

The code as so modified received the reluctant approval of Messrs. Whiteside and Gitchell and was resubmitted to the Administrator about December 1. Protesting delegations again descended upon Washington, and telegrams and letters flowed in from all parts of the country. All this did little to overcome the Administrator's original reluctance, and the Code was again returned to the Deputy with instructions that its life be limited to three months and that provision be made for a special board to consider and pass upon the claims of unique hardships which were sure to arise. On the advice of the Deputy, the date of termination was fixed at May 15, 1934, in order to carry the code through the industry's spring season. The order of approval was redrafted to embody these two provisos and the code was again returned to the Administrator's office.(*) After several days further delay it was forwarded to the White House and finally approved by the President on December 15, 1933.

(*) See letter dated December 7, 1933 from Mr. A. W. Amber to Mr. Sylvan Gotshal; Docket of Code No. 151, Vol B-1.

II LABOR PROVISIONS OF THE CODE

A. OCCUPATIONAL CLASSIFICATIONS

1. The Provision. The Code as approved divided the country into four wage regions, designated as Areas A, B, C, and D. Area A included Greater New York and all territory within a radius of 50 miles of Columbus Circle; Area B included the city of Chicago, all territory within a hundred-mile radius of the Chicago City Hall, the States of Pennsylvania and Connecticut, and that portion of New Jersey outside Area A; Area C included the States of Missouri, Kansas, and Ohio; and Area D included all other parts of the United States. Minimum rates of pay for the four principal crafts were established as follows:

	Area A	Area B	Area C	Area D	
Blockers	$1.19	$0.90	$0.80	$0.70	
Operators	1.00	.75	.67½	.60	
Cutters	1.00	.75	.67½	.60	
Milliners	.55	.47½	.45	.45	(*)

The foregoing provisions were substantially modified during January and February as a result of wholesale exemptions granted on the recommendation of the Special Millinery Board. (**) Such modifications were for the most part embodied in the amended Code approved November 9, 1934. Wage areas were re-defined as follows: Area A, Greater New York and all territory within a 75-mile radius of Columbus Circle, except any part of Connecticut or New Jersey; Area B, the States of Illinois, Pennsylvania, Connecticut, and New Jersey; Area C, the City of St. Louis and the States of Wisconsin and Ohio; Area D, all other portions of the United States. The classified minima were revised in the following manner:

	Area A	Area B	Area C	Area D	
Blockers	$1.18	$0.97	$0.85	$0.75	
Operators	1.08	.81	.75	.65	
Cutters	1.08	.81	.75	.65	
Milliners	.59	.51	.49	.49	(***)

2. The General Problem of Wages Above the Minimum

(a) The Theory. The question of what provision to make in codes for workers in the more skilled classes was one which was never satisfactorily answered by NRA. The question was an important one because

---

(*) Article IV, Sections 1 and 3, Code as approved December 15, 1933.

(**) See discussion of Board's work in Chapter III, "Administration of the Code."

(***) Article IV, Sections 1 and 3, Code as amended November 9, 1934.

in many industries, particularly in the apparel group, a $1[illegible].00, $13.00, or $14.00 minimum wage could affect only a relatively small part of the workers. The protection of the earnings of the more skilled workers, the increasing of their purchasing power, and the establishment of fair competitive labor costs -- in a word, the achievement of the purposes of the Recovery Act -- could not in such industries be accomplished by a basic minimum.

(b) Types of Code Provision. Most codes, therefore, attempted to establish some form of wage protection for workers in the higher brackets. Such provisions may be classified under three general types:

(1) Provisions which placed their major emphasis upon detailed wage schedules or at least embodied the principle of basing points.

(2) Provisions which placed their major emphasis upon the maintenance of previously existing differentials between employee groups, or upon some other fairly definite type of "equitable readjustment."

(3) Provisions which contained no definite requirement for change, including codes which contained no provision whatever for wages in the higher brackets.

About 9 per cent of the approved codes, embracing about 28 per cent of all employees, contained provisions of the first type; about 74 per cent of the codes, affecting about 66 per cent of all employees, contained provisions of the second type; and about 17 per cent of the codes, covering about 6 per cent of all employees, contained provisions of the third type. (*)

Provisions of the third type, of course, offered no protection to skilled workers. Many provisions of the "equitable readjustment" type established no standard of equity, and practically all such standards as were established were so vague that it was anyone's guess what their operative meaning might have been.

"Even the phraseology of some of the more definite and explicit clauses . . . is none too good, considered as a statement of law. Take, for example . . . (those) clauses which look toward the maintenance of 'existing' or 'long standing' differentials. Sometimes the statement is fairly explicit, but in the great majority of cases, such questions as these arise: Does this refer to the differentials as they exist in a particular plant, a region or the entire industry? Precisely what date or period are to be taken -- a matter of great importance -- as the basis of maintenance? Are the definitions

(*) "Wages above the minimum" an unpublished paper of NRA. Central Records Section.

and classifications of occupations in the industry or even in a given plant sufficiently clear and sharp to free adjustments from controversy? Are trustworthy records available for use in any adjudication of the problem?

"Similar issues arise in connection with the maintenance of former weekly earnings - unless, indeed, this maintenance is expressed in terms of the earnings of a particular employee, and in this event the problems of discharge and reclassification or flexibility of business operations arise.

"The stark fact stands out that most of these clauses represent poor law draftmanship, poor bases of public administration, poor instruments of industrial relationships." (*)

The utilization of wage schedules, and to a certain extent basing points, largely overcame this difficulty of indefiniteness. Upon the whole it may be said of basing points and schedules that they afforded fairly substantial protection for skilled workers and that they tended toward an equality of competitive conditions, neither of which may be said of the "equitable readjustment provision." Schedules and basing points accomplished these purposes, however, only at the cost of introducing certain elements of rigidity and a certain meticulousness of control which presented difficulties peculiar to themselves. These difficulties as they presented themselves in the Millinery Code will be discussed subsequently.

3. The Debate on Classification. The merits and demerits of classification were so hotly debated during the formulation of the code, and the device itself is of such importance in any program of economic control, that a brief examination of the controversy as it presented itself in this industry is advisable.

(a) The Question of Earnings Protection. Organized labor and unionized manufacturers argued that ". . . if the purpose of the National Industrial Recovery Act . . . is to be achieved . . . the Millinery Code must provide for classification." (**) "If . . . no provision is made to raise the wages of skilled operators and employees, then the purchasing power of the great masses engaged in the Millinery Industry will not be increased . . ." (***)

After several months' experience with the operation of wage schedules, spokesmen for organized labor wrote:

(*) Ibid

(**) Statement of Max Zaritsky, Transcript of Hearing, Proposed Code of Fair Competition for the Millinery Industry, August 1 and 2, 1933; p. 173

(***) "Memorandum in opposition to National Millinery Council Code, etc.", submitted by the Women's Headwear Group, August, 1933; Central Records Section.

"Classification is regarded as one of the very few means by which the destruction of wage rates can be avoided . . . The workers in the millinery industry regard classification . . . as indispensable . . . to the maintenance of wage rates that will enable them to contribute their share in providing that mass purchasing power which is conceded by all to lie at the basis of economic recovery." (*)

Opponents of classification, on the other hand, argued that no definite provision need be made for workers in the more skilled classes. The law of supply and demand, it was held, would take care of such workers and prevent their exploitation by unscrupulous employers.(**)". . . There has always been a scarcity of semi-skilled and skilled labor in the Millinery Industry which has automatically produced higher rates of pay for this class of workers. ." (***)

"The principle and economics of the situation are best served by a general minimum and not by several minimums. That the minimum does not operate as a maximum is conclusively shown by the fact, that heretofore, when we had no N.I.R.A. law, yet we paid a higher scale to those deserving it, than the scale paid to unskilled labor. And what that price should be, has been determined by the competitive market for labor and economic conditions, keeping in mind the base pay. Now, with higher wages and income throughout the nation, and with a higher base pay, wages in our industry must rise for all classes, and continue to do so." (****)

(*) "Brief of Cap and Millinery Department, United Hatters, Cap and Millinery Workers' International Union, in the matter of the Petition of Hat Corporation of America and John B. Stetson Company"; July 26, 1934; Central Records Section.

(**) State of Fletcher H. Montgomery. Transcript of Hearing, Proposed Code of Fair Competition for the Millinery Industry. August 1 and 2, 1933; p. 154.

(***) Letter dated August 1, 1933 from A. L. Slocum to Deputy Howard; Central Records Section.

(****) Letter dated August 2, 1933 from L. Shirley Tark to Deputy Howard; Central Records Section.

(b) The Argument on Competitive Costs. From a practical standpoint, the doctrine of equalization of competitive labor costs was of much more importance than that of protecting the earnings of skilled labor. Labor, by and of itself, could never have forced the adoption of classification. For that purpose the support of a substantial body of manufacturers was necessary, and such support was forthcoming only on a basis of improving competitive conditions. The union, of course, was interested in the promotion of this type of "fair competition," for on the ability of the organized markets to compete depended the jobs and earnings of its members. So far as its own members were concerned the union performed this function admirably. But its ability in this respect was in jeopardy so long as there existed non-union markets capable of undercutting the higher standards of union markets. Furthermore it is obvious that the Women's Headwear Group were actuated not nearly so much by a concern for downtrodden labor in other markets as by a fear of the competition of such markets.

The advocates of classification complained that they were being driven out of business by the competition of low-wage markets. Failure to provide for craft minima, it was held, would not in any way relieve this situation. (*)

> "Because of low wage conditions, manufacturers . . . . in the outlying districts are able to manufacture and sell merchandise at absurdly low prices. Manufacturers in the metropolitan area, in order to obtain business, have been compelled to sell their merchandise below cost.

* * * * * * * *

> "The Code submitted by the Women's Headwear Group, Inc., will eliminate unfair and cut-throat competition because the scale of wages will bring all manufacturers throughout the United States nearer to the one level, and thus permit a clean, fair and open competition." (**)

In view of the philosophy back of much of our tariff legislation - the protection of American labor standards against low wage competition from abroad - it is not surprising that an analogy should have been drawn between the classified wage proposals and the tariff.

(*) See statement of Max Shlivek, Transcript of Hearing. Proposed Code Of Fair Competition for the Millinery Industry. August 1 and 2, 1933; P. 106.

(**) Brief of Women's Headwear Group, August, 1933 - Central Records Section.

Anything that holds good for the protection of American industry against foreign competition "must certainly apply to the protection of our own states, regardless of where they are situated." (*) "We are asking and speaking for a protective wage . . . . to protect the industry from the low wage sections of the country . . ." (**)

The answer of the non-union faction to these arguments was, first of all, a categorical denial of the premised. ". . . New York labor, though admittedly paid much higher wages, is even at such pay, because of its higher productivity, less costly to the manufacturer," with the result that "the average percentage of labor cost in goods (made outside New York) is practically the same as the percentage of labor cost in goods made in New York," and in some instances even higher. (***)

The entire principle of the equalization of competitive labor costs was also attacked:

> "A study of the theory of classification with market differentials adjusted to the basis of cost of production, if properly worked out, will result in a uniform labor cost throughout the country.
>
> "If a uniform labor cost throughout the country is obtained, then there is eliminated any possibility of, through efficient management, obtaining lower labor costs and at the same time paying higher wages. In fact, to carry this theory to its logical conclusion, any improvement in methods or increase in efficiency of management resulting in a lower cost of production in one factory or market might well be termed unfair competition and the efficient factory or market penalized therefor." (****)

(*) Statement of Joseph E. Helfer, Transcript of Hearing, Proposed Code of Fair Competition for the Millinery Industry, August 1 and 2, 1933; p. 117.

(**) Statement of Max Zaritsky, Ibid., P.

(***) "Statement of Facts and Brief for Manufacturers outside New York," August, 1933; Central Records Section.

(****) "Comments in Regard to Omissions, Modifications, and Additions to the Millinery Code," submitted by Messrs. Farley and Montgomery, November 7, 1933; Central Records Section."

4. Critical Evaluation.

Obviously, the contentions of the opposing factions were based on widely divergent economic philosophies. The one was based primarily on the doctrine of laissez faire - let wages be cared for by the "natural" influences of supply and demand. The other was based upon the doctrine of the New Deal in general, the NRA in particular - in the interests of the general good, corrective measures must be taken to curb certain destructive tendencies of "natural" economic influences. If we are to assume the validity of the underlying philosophy of the Recovery Act, we must also assume the validity of the position of the Women's Headwear Group and of organized labor. Why should "natural" influences protect the earnings of the more skilled classes any more than previously, these same influences had protected the earnings of the less skilled classes? Approximately 95 per cent of all workers in the industry are skilled. If their wages were to be increased and maintained upon a level commensurate with their skill, and if the purpose of the Act to increase purchasing power were to be achieved, substantially more than a basic minimum was needed. In effectuating the declared purposes of the Act, then, it was necessary that the Millinery Code provide for the classification of wages.

The theory of classification has often been criticised, even by its friends, on the ground that the efficiency and productivity of labor is to a large extent dependent on the efficiency of management. In support of this contention it is pointed out that even within a single market, labor costs and efficiency vary to a marked degree. The conclusion is reached that classification cannot be supported on the theory of equalizing labor costs.

It is quite true that the efficiency of labor is very largely dependent on the efficiency of management and that workers of the same type, and even identical workers, will produce varying amounts in different plants. Nevertheless, there is such a thing as an <u>average productivity</u> which is not dependent upon anything but the workmen themselves. Granted that such an average is extremely difficult to establish; no one will deny, however, that millinery workers <u>as a group</u> in New York are more productive than millinery workers <u>as a group</u> in Dallas, to cite a single example.

Equally, no one will deny that a marked advantage in labor costs would tend to take business from New York manufacturers, and employment and wages from New York workers, in favor of Dallas manufacturers and workers. Not that this latter group is any less entitled to economic opportunity than the former. But they are not entitled to that opportunity because of inferior standards. The standards being equal, then the rewards of the game are fully open to those who can win them.

This was the very basis of the Recovery Act. But in the millinery industry this objective could not have been achieved by a simple minimum. If "unfair competition" included competitive advantages accruing from disproportionately low wages paid by groups within an industry, then, so far at least as the millinery industry was concerned,

the control of the wages of skilled workers was essential. And classification, while it was only one means of establishing such control, was probably in this case the most effective means. Assuming the validity of the Recovery Act thesis, we must concede the validity and necessity of classified wages in the Millinery Code.

B. THE PRE-REQUISITES OF CLASSIFICATION

NRA experience has indicated that the principle of classification is by no means applicable to all industries. Even where the wages of skilled workmen require protection and where disparate labor costs give rise to grave instability, the establishment of occupational minima is impractical unless the industry involved displays a definite set of characteristics. Furthermore, classification is but one of several possible solutions of this particular type of industrial problem. Assuming the problem, the solution must be determined by the nature of the industry itself.

In brief, an industry must display the following characteristics to be amenable to the application of classified wages:

(1) A relatively high degree of unionization.
(2) A craft system of production.
(3) Standard productive methods, common to all branches of the industry.

1. Degree of Unionization.

Partial unionization frequently gives rise to great disparities in labor costs as between markets and is thus an important factor in creating conditions requiring remedial action. In order to apply the device of classification, however, the union must have a strong hold on a substantial portion of the industry. Under NRA, non-union industries (such as textiles) and non-union markets (such as the Southern millinery market) fought to the last all attempts to introduce wage schedules. Unionized industries (such as bituminous coal) and unionized markets (such as the New York millinery market) fought with equal determination for such schedules. So long as acceptance of legislation by management was necessary, classification was dependent upon a substantial degree of unionization.

In precisely this conflict was found the greatest difficulty in formulating the codes for the apparel industries. Each of these industries presented some degree of unionization, and without exception the unionized markets fought bitterly for classification. The non-union markets fought just as bitterly against it. The issue was usually settled by a rough application of the democratic principle of "majority rule." The formulation of the Millinery Code, detailed briefly above, affords a classic example.

2. Type of Productive Organization.

Any instrument of economic control must be kept as simple as possible. This maxim applies with particular force to the control of

wages. N.R.A. experience has demonstrated that the number of wage minima in any given industry must be held as low as possible; otherwise, there is increased opportunity for evasion, and consequently greater difficulties of administration.

In the apparel industries, as well as in certain other industries, the craft system of production prevails. There are, in consequence, much fewer separate occupations than there are, say, in the automobile or steel industries. The number of different occupational minima, therefore, which must be set if classification is determined upon, is correspondingly less. This is particularly true of the millinery industry, where four occupations embrace more than 75 per cent of all workers. It was necessary, therefore, to establish only four occupational minima. Held to this number, administration presented no great difficulties.

3. Standardized Productive Processes.

Closely allied to the foregoing considerations is the fact that occupational classifications are not applicable to any industry whose methods of production are not reasonably well standardized. If minimum wages are fixed for various occupations, those occupations must be common throughout the industry and must bear approximately the same relationship to each other as to skill and traditional earning capacity. During the formulation of the Millinery Code, the principle of classification was frequently attacked on the ground that such conditions do not obtain in the millinery industry.

> " . . . The extreme diversification in the methods of manufacture and the types of factories, the varied duties of the employees dictated by the circumstances in each factory make classification impracticable without a radical revamping of the present organization which would seriously disrupt the industry . . ." (*)

The imposition of set classified rates to all members of the industry would be grossly unfair to certain localities and would in such localities constitute an "impossible interference with production," (**) and would lead to "the most infinite intricacy and difficulty of administration." (***)

(*) Brief of Howard Elliot (St. Louis), August, 1933; Central Records Section.

(**) Statement of Fletcher H. Montgomery, Transcript of Hearing, Proposed Code of Fair Competition for the Millinery Industry, August 1 and 2, 1933, p. 160.

(***) Statement of J. W. Farley, Ibid. p.

1. Tolerance.

The first safeguard was the so-called "tolerance clause," by which 25 per cent of the total number of employees in any craft might be paid less than the minimum wage established for that craft, but in no case less than the applicable basic minimum. In practice, the allowance was usually applied only to the less skilled employees. It was not a means by which an employer might take advantage of a worker by depriving him of the classified minimum if the worker's skill were such as to entitle him thereto:

> " . . . If the operation at which any employee . . . . included in the aforesaid tolerance (is employed) has a piece-work rate and the amount earned at the prevailing piece-work rate exceeds the minimum wages specified for such employee, such employee shall be compensated on the basis of actual piece-rate earnings. In no event shall any employee qualified to receive a standard hourly rate . . . . be paid at less than such standard hourly rate." (*)

Hedged about with such safeguards, the provision did not jeopardize the interests of the workers. At the same time, it was a necessary amelioration of a drastic provision which otherwise would have imposed considerable hardship on certain markets. Actually, the tolerance constitutes a disguised differential, particularly when on the recommendation of the Special Board it was increased for certain areas. The politics of the formulation of the code were such as to make this course wiser than an out-right differential. In the long run, however, a high set of minima, with a proviso that a certain portion of the employees need not be bound thereto, proved more to the interest of the employees as a whole than a lower set of minima would have done.

2. Apprentices.

The original Code made no allowance for apprentices and simply provided that the Code Authority should make recommendations on the subject. The matter engaged the interested attention of the Special Board during the first season of Code operation, with the result that there was incorporated in the Amended Code a well-considered program for the training of beginners. The program was of no importance in the metropolitan centers, but it proved of considerable value to markets lacking an adequate supply of skilled labor. Minimum wages for apprentices ranged from $8.50 to $21.00 per week according to type of apprentice, character of work, and length of employment. A legitimate distinction was made between persons with trade school training and persons without. In order to prevent possible abuse, no manufacturer was permitted to employ apprentices without the express permission of the Special Board. (**)

(*) Article IV, Section 3, Code as Amended November 9, 1934.

(**) Article IV, Section 5, Code as Amended November 9, 1934.

3. Sub-Standard Workers.

In addition to the exemption granted to all industries by Executive Order of the President, the Millinery Code provided that:

> "To alleviate the distress and undue hardship in special and exceptional cases wherein a worker, properly belonging to this Industry, is threatened with loss of employment or inability to secure employment because he or she is admittedly of very low productive capacity, the Special Millinery Board shall have the power, subject to the disapproval of the National Industrial Recovery Board, to permit the employment of such worker at less than the basic minimum, provided it is established to the satisfaction of the said Board that such a person is admittedly of very low productive capacity because of old age, physical debility or other sub-normal condition.
>
> "The Special Millinery Board may, subject to the approval of the National Industrial Recovery Board, provide such rules, regulations and tests as it may deem necessary to establish the fact that such very low productivity is actual and not based on an inequitably measured piece-rate or unit of productivity, or weekly or hourly rate of payment." (*)

This special provision was necessary to meet a peculiar condition in the industry. Because of the lightness of the tasks involved many old firms have kept in their employment workers who might in other industries have been long since discharged. This provision was especially designed to prevent loss of employment to such workers, and from the manufacturer's standpoint to reduce the rate of labor turnover. The provision operated to the satisfaction of all parties concerned.

4. The Special Millinery Board.

The most important safeguard to classification was the Special Millinery Board. Ideally, occupational minima should never have been established except on a scientific basis. Yet the entire Code edifice was built up on a species of collective bargaining, in which the determination of rates was more dependent on horse trading than on ability -- or lack of ability -- to pay. The result in the case of the Millinery Code was a set of rates which would probably have put most of the Industry outside the principal markets out of business.

If the rates could not be established scientifically, they could at least be readjusted impartially. This was the primary function of the Special Board. If the wage areas had not been rearranged and if

---

(*) Article IV, Section 6, Code as amended November 9, 1934.

the rates in many instances had not been substantially revised by the Board immediately after the approval of the Code, the Code would have broken down completely. This revisionary function, together with the continuing element of flexibility in application which the existence of the Board made possible, was by far the most important safeguard to classification. The work of the Board in this and other connections will be discussed in greater detail under "Code Administration."

D. OTHER LABOR PROVISIONS

1. As to Wages.

In addition to the detailed wage schedules, both the original and the amended Code provided basic minima of $14.00 per week for Areas A and B and $13.00 per week for Areas C and D. These minima provided a floor for the wages of office workers, shipping crews, unskilled factory labor, and other unclassified employees, as well as for employees included in the tolerance allowance. Exceptions were made only in the case of learners and sub-standard workers. The provision occasioned little controversy and presented no substantial difficulties in application. (*)

The Code contained the standard clause specifying that no employee might be paid at less than the applicable minimum rate regardless of the method of compensation. (**) Provision was also made that weekly compensation might not be reduced, notwithstanding any reduction in hours of work, and that piece rates should be so adjusted that earnings under the Code should be at least equivalent to those obtaining under the longer hours previously prevailing. A proviso was added, however, restricting any such advance in wage rates to not more than 25 per cent over the wage rate as of July 1, 1933. (***) Finally, the Code provided that all employees should be paid directly by their employers and that payroll records should specify the craft of each employee. (****) The first half of this clause was designed to correct a minor evil whereby certain employees were paid by other employees. The second half was designed to facilitate the compliance activities of the Code Authority.

(*) See Article IV, Section 2, original and amended Codes.

(**) Article IV, Section 6, Code as approved December 15, 1933;
Article IV, Section 9, Code as amended November 9, 1934.

(***) Article IV, Section 7, Code as approved December 15, 1933;
Article IV, Section 10, Code as amended November 9, 1934.

(****) Article IV, Section 10, Code as amended November 9, 1934.

2. As to Hours

The Code as approved December 15, 1933 provided for a standard work week of 37½ hours. Work was limited to five days per week and to seven and one-half hours per day. As noted above, this provision was a compromise between the union's demand for a 35-hour maximum and the industry's demand for 40. A proviso was included, however, to the effect that should subsequent investigation disclose substantial unemployment, hours were to be reduced. Office employees, members of shipping and receiving crews, engineers, and firemen were permitted to work 45 hours per week and were not restricted as to number of days per week or number of hours per day. (*)

During the spring of 1934 the union negotiated new collective agreements in New York, Chicago, Cleveland, and St. Louis calling for a 35-hour week. The Code Authority therefore proposed and a majority of the industry subsequently agreed to a 35-hour maximum in the amended Code. This proposal was bitterly contested by all non-union markets, but as it received the endorsement of the Special Millinery Board it was finally approved by NRA. Under the amendments Saturday work was prohibited except under certain circumstances and for certain groups. Sunday work was prohibited altogether. Hours of all other employees were limited to 42½, except designers, foremen, engineers and watchmen, who were limited to 45. Outside salesmen, employees engaged in emergency maintenance and repair, and executives were permitted unlimited hours. The standard hours were also made applicable to all members of the industry performing productive work. (**)

Under the original Code no overtime was permitted "except on the recommendation of the Code Authority and the approval of the Administrator," and where allowed was limited to not more than six weeks in any one season. All overtime worked was to be paid for at time and one-half. In practice, these restrictions proved entirely too stringent in view of the extreme seasonal fluctuations to which the industry is subject. In particular, the securing of permission for overtime was surrounded with far too much red tape. Consequently, when the Code was rewritten, it was provided that overtime might be worked simply upon the manufacturer's filing notice with the Code Authority. The overtime rate was reduced from time and one-half to time and one-third as compensation for the reduction in hours. The limit of six weeks overtime per season was retained, but the amount to be worked in any one week was limited to seven and one-half hours. Overtime could not be worked on Saturday except in States where State law might prohibit the manufacturer availing himself of the overtime

---

(*) Article III, Sections 1, 2, 4, and 11, Code as approved December 15, 1933.

(**) Article III, Sections 1, 3, 4, 5, 6, 7, Code as amended November 9, 1934.

allowance during week days. (*)

Results during the one season (spring 1935) when this modified arrangement was in actual operation indicated the necessity for still more liberal allowance. A very large number of special exemptions had to be issued permitting work in excess of the overtime permitted in order to prevent a serious handicap to productive operations. Even so, the requirement of overtime rates (the special exemptions called for time and one-half instead of time and one-third) made it difficult and often impossible for manufacturers to realize anything on their season's, and consequently their year's production.

These restrictions occasioned considerable dissatisfaction within the industry, and the Special Millinery Board undertook a thorough study of the problem. Shortly prior to the Supreme Court decision a committee composed of the members of the Board, executives of the Code Authrotiy and the author agreed to recommend to the industry and to NRA that the Code be amended to provide for: (1) a basic 35-hour week; (2) an additional five hours tolerance, at regular rates of pay, during six weeks of each season; and (3) an overtime allowance of eight hours above the 40 during six weeks of each season, to be paid for at time and one-half. This plan would have been a long step toward the solution of an extremely difficult problem. Unfortunately, there was no opportunity even to present the proposal, much less to test it in actual practice.

It was provided in both the original and amended Codes that no member of the industry might knowingly employ any worker for any time which, when totaled with that already performed for another member of the industry, exceeded the permitted maximum. Finally, the Code Authority, in the interest of easier administration, was permitted to fix the hour before which work might not begin and the hour after which it might not continue. (**)

3. General Labor Provisions.

Both the original and the amended Codes included the standard provisions guaranteeing the right of collective bargaining, requiring that employers comply with all regulations prescribed by the President, specifying that no provision of the Code should supersede more stringent requirements of any State law, requiring that employers display conspicuously in their places of business copies of the labor provisions of the Code and forbidding the reclassification of employees for purposes of evasion. (***)

(*) Article III, Section 3, Code as approved December 15, 1933; Article III, Section 2, Code as amended November 9, 1934.

(**) Article III, Sections 9 and 10, Code as approved December 15, 1933; Article III, Sections 8 and 9, Code as amended November 9, 1934.

(***) Article V, Sections 1, 2, 3, 4, 5, 6, and 7, original and amended Codes.

In addition, work was prohibited in tenement houses, basements, unsanitary buildings and buildings unsafe on account of fire risks or otherwise dangerous or detrimental to health. Each member of the industry was required to file with the Code Authority, on request, satisfactory proof of compliance with State and local laws regarding health, sanitation, etc. Homework was prohibited under the original Code, but the provision was inadvertently omitted in the amendment. Since there is no appreciable amount of homework done in the industry today, the omission had no serious consequences. (*)

III TRADE PRACTICE PROVISIONS

A. UNDER THE ORIGINAL CODE

The Code as approved December 15, 1933, contained little more than the standard trade practice provisions recommended by the Federal Trade Commission. In the usual phraseology these provisions prohibited inaccurate advertising, false billing, inaccurate labelling, inaccurate references to competitors, threats of law suits, secret rebates, commercial bribery, and interference with another's contracts. (**) None of these provisions had any great significance for the industry; they were written into the Code at the suggestion of NRA, but were too general to be of much assistance in dealing with the industry's problems. Its difficulties arose from much more vexing circumstances than occasional lapses from ordinary commercial morality.

To meet its peculiar problems, the industry had originally proposed an extensive set of trade practices, many of which, if approved, would have strongly affected its distributive relationships. The formulation of labor provisions, however, so completely absorbed the attention of both the industry and NRA that trade practices were relegated to the background. When the labor provisions of the Code had at last been agreed upon, their immediate approval was imperative in view of the imminent opening of the spring season; consequently, only those trade practices on which there was a ready agreement between NRA and the industry included.

Aside from the standard provisions enumerated above, the original Code also contained a provision prohibiting consignment selling, and another specifying the circumstances under which a manufacturer might accept the return of merchandise. (***) There was also a quite

---

(*) Article V, Sections 8 and 9, original and amended Codes.

(**) Article VIII, Sections 1, 2, 3, 4, 5, 6, 8, and 9, Code as approved December 15, 1933.

(***) Article VIII, Sections 7 and 10, Code as approved December 15, 1933.

unimportant provision which required members of the industry to notify the Code Authority whenever receiving an assignment of accounts from a customer. Finally, it was provided that the Code Authority make recommendations to the Administrator regarding terms and discounts, f. o. b. shipments, and advertising allowances. (*)

B. THE TRADE PRACTICE AMENDMENTS

In line with this injunction, the Code Authority early in 1934 made application for the approval of a series of trade practice amendments. Hearings were held on March 13, 1934, and the amendments, in slightly modified form, were approved on March 24, 1934. Under the Code as amended November 9, 1934, the original trade practice provisions, as well as those added by the March amendment, were continued. Such changes as were made were largely in the interests of clarity. No further modification took place during the life of the Code.

1. Advertising Allowances.

A practice had grown up in the industry during the previous decade whereby certain large distributors demanded of manufacturers considerable sums for newspaper, magazine and other forms of advertising. Such demands were either for all or a portion of the advertising expense. As the manufacturer's product was usually advertised in conjunction with other merchandise handled by the retailer, the identity of the manufacturer's product was seldom disclosed. Consequently, little if any of the benefits of the advertising accrued to him, and the sums paid by him constituted in effect, if not in form, unearned rebates. Because of his relatively weak bargaining ability, however, he was in no position to resist the exactions of the large buyer. Such demands imposed a burden on the manufacturer that he was ill equipped to bear. To correct this situation, members of the industry were prohibited from paying any part of the advertising expense of a purchaser. (**)

But while it operated to protect the rank and file of the industry, this clause had the inadvertent effect of discouraging national advertising of branded millinery. Certain manufacturers of such merchandise had developed an entirely legitimate form of cooperative advertising which had none of the undesirable features outlined above. But because of the sweeping language of the prohibition, this mutually beneficial form of cooperation was forbidden. The retailer was precluded from bearing a portion of the advertising expense, a fact which in itself increased the manufacturer's advertising cost by about 100 per

---

(*) Article VIII, Sections 12, 13, and 14, Code as approved December 15, 1933.

(**) Article VIII, Section 14, as amended March 24, 1934.

cent. Furthermore, by making it necessary for the manufacturer to place his advertising directly and in his own name, the provision made it impossible for him to secure the more favorable local rates. As national rates are about 100 per cent in excess of local rates, the total effect of the provision was to increase advertising costs to the manufacturer by about 400 per cent, with no corresponding benefit either to the manufacturer or to the industry as a whole.

Unfortunately, this situation was not called to the attention of NRA until the spring of 1935, when an application for exemption was made by the Hat Corporation of America. A number of hearings were held on the question, and an order had been prepared and actually forwarded for final signature when the Supreme Court handed down its decision. This particular order modified the provision by permitting the granting of advertising allowances on condition (a) that the agreement entered into with the retailer be separate from agreement for the sale of merchandise, (b) that the amount contributed by the manufacturer in no event exceed 50 per cent of the total cost, and (c) that advertising space purchased under such agreements display no other product than that of the manufacturer. Other less important conditions were also specified. (*) It was planned eventually to rewrite the provision along the lines of this proposed order. So modified, it would have accomplished its intended results without prohibiting a wholly legitimate practice.

2. Terms and Discounts.

Among the most destructive of the abuses to which the industry had become subject involved discounts and terms of sale. Up until about 1925 the prevailing discount was 6 per cent for payment within 10 days, with credit extended for 60 days. With the beginning of the period of intense price competition, manufacturers began to grant, under pressure from their buyers, discounts of from 7 per cent up. During the depression discount rates in many instances ran as high as 15 per cent, while discount rates to the manufacturer from his supply houses averaged from 3 to 4 per cent. (**) Producers of millinery were forced to trade as much in discounts as in merchandise. In an effort to reduce this heavy drain on the manufacturer, as well as to standardize the industry's practice, the Code limited discounts to a maximum of 7 per cent, 10 days, end of month.

3. Cancellations and Returns.

Because of the high rate of style turnover, the problem of obsolescent stocks is a serious one to both manufacturer and distributor.

(*) Draft of order in files of Deputy Administrator, Central Records Section. This order was based upon the advertising allowance provision of the Hosiery Code.

(**) Transcript of hearing, March 9, 1934.

The manufacturer's handicaps in bargaining, however, have made it possible for distributors to throw back upon the industry the major burden of obsolescence. If the style changes after the retailer has placed his order, but before delivery has been made, he frequently cancels his order; if delivery has been made, he frequently returns the goods. The length of time required for litigation and the expense involved tend to frustrate efforts of manufacturers to secure legal redress. The practice results in enormous annual losses to the industry. Much of the returned or cancelled merchandise has lost all value because of style changes. In the best of circumstances the loss is considerable. In an endeavor to eliminate the twin evils of unwarranted returns and cancellations, the Code prohibited returns after five days (except where the merchandise was not in accordance with specifications) and prohibited cancellations within specified delivery time. (*)

4. Other Trade Practice Provisions.

The Code provision specifying that all goods be shipped f. o. b. city of manufacture was not of particular importance, since it corresponded with the well-established practice of the majority of the industry. (**)

An uneconomic practice which was largely a result of the depression, was consignment selling. Although not general, the practice is beginning to make headway and may eventually prove a serious problem. Consignment selling may be beneficial when applied to the distribution of certain types of product; it is a harmful practice, however, when applied to so highly styled a product as millinery. Consignment selling shoulders upon the manufacturer the retailers' risks in addition to his own. A highly desirable step, therefore, was taken when the growth of this practice was halted by the provisions of the Code. (***)

Another source of annoyance to the industry in its distributive relations was the practice of certain large retailers to require the manufacturer to sew in the retailer's trade name label without extra charge. The practice was not in itself serious, but in a great many instances the additional cost thus incurred wiped out the small profit which the manufacturer had hoped to make. The Code sought to abolish this practice. (****)

(*) Article VIII, Sections 10 and 11, Code as amended November 9, 1934.

(**) Article VIII, Section 15, as amended March 24, 1934.

(***) Article VIII, Section 7, Code as approved December 15, 1933.

(****) Article VIII, Section 16, as amended March 24, 1934.

2. STYLE PIRACY

The Code in its early stages was regarded as the great panacea for all the industry's ills, and the "high style" houses naturally looked to it as a potential means for controlling style piracy. Their hopes, however, were to founder on two obstacles. The first was the reluctance of NRA to embark on such troubled waters, and the second was the general NRA principle of permitting majorities to rule. The latter was the more influential, for if a really substantial portion of the industry had expressed itself as favorable to design protection, the timidity of NRA would probably have been overcome. The controlling fact was that only a small minority was in favor of the elimination of style piracy.

The relative strength of the two factions is indicated roughly by the proportions of merchandise sold in various price ranges. For the most part, style originators sell in price ranges above $24.00 per dozen. A certain amount of copying is carried on above this figure and a certain amount of origination below. By and large, however, it is safe to assume that the fashion creators do not constitute much more than 10 per cent of the industry. (*)

Actually, however, the originators exercised much more power in the Code Authority than would appear possible from this showing. In the first place, they controlled four seats, whereas had membership been allocated in accordance with number of employees or volume of business, they would not have been entitled to more than two. Their influence was further enhanced by a coalition with certain non-metropolitan groups. Accordingly, the forces working for design protection were able to wield considerable influence within the Code Authority. Nevertheless, the opposition was at all times too powerful to permit of any definite action.

The Code on which hearings were held August 1 and 2, 1933, contained the following provision:

> "Style and design piracy is declared to be an unfair trade practice and an unfair method of competition and is prohibited." (**)

On the first day of the hearing, when the matter of style piracy was brought up for consideration, the suggestion was made by Dr. Earl Dean Howard, Deputy Administrator presiding, that the problem be attacked over a broader field than the millinery industry alone and that united action be taken by all the apparel industries. (***)

(*) 88.7 per cent of all merchandise sold in 1934 wholesaled at less than $24.00 per dozen: Code Authority, First Annual Report, page 21.

(**) Proposed Code, as submitted July 22, 1933. See Volume A-1 Docket of Code 151, Central Records Section.

(***) Transcript of Hearing, Millinery Industry, August 1, 1933, page 333.

There was some desultory discussion of a positive provision in subsequent hearings and conferences, but the idea of cooperative action with other industries had taken such root and the attention of all concerned was so engrossed in the wage controversy that none of these discussions were of much consequence. The Code as finally approved contained the following provision among those prescribing the powers and duties of the Code Authority:

> "To undertake an immediate and complete investigation, in cooperation with other Code Authorities in related industries, of style piracy and to recommend to the Administrator, as promptly as possible, appropriate means for the regulation and control of style piracy, which recommendations, upon approval of the Administrator after such notice and hearing as he shall prescribe, shall become effective provisions of the Code." (*)

Immediately after its organization the Code Authority adopted by-laws which among other things provided for the establishment of a Style Piracy Committee, to devise "ways and means for the regulation and control of style piracy as provided in the code." (**) The Committee was composed of five persons, two of whom were favorable to the interests of the rank and file and three of whom were strong advocates of piracy control. (***) On January 21, 1934, the Committee submitted its report, recommending that there be established an organization similar to the Fashion Originators Guild in the dress industry. This organization was to be set up under the auspices of and be assisted by the Code Authority. (****) Determined opposition prevented favorable action on these recommendations; report was tabled and eventually forgotten. The Millinery Quality Guild, however, was established as an independent organization.

At the hearing on the proposed amendments to the Code held in Washington on June 4 and 5, 1934, a proposal was made to amend the piracy provision to read as follows:

> "The Code Authority shall organize an appropriate Bureau for the registration of original styles and designs for the purpose of establishing priority of ownership of such styles and designs. Such registration shall be considered proof of originality for a period of six months from the date of registration. For the purpose of eliminating style piracy in the industry, it shall be an unfair method of competition to make,

---

(*) Code of Fair Competition for the Millinery Industry, as approved December 15, 1933; Article VI, Section 7 (f).

(**) Approved by-laws of the Millinery Code Authority, Central Records Section.

(***) See minutes of meeting, December 21, 1933; Central Records Section.

(****) Report of Style Piracy Committee, minutes of meeting, January 21, 1934; Central Records Section.

use, sell or advertise a design of another manufacturer so registered, intentionally with a prior knowledge, without the authorization or license to do so given by the original registered owner of such style or design. The Code Authority may, where it sees fit, cooperate with the Code Authorities in related industries on the question of style piracy."

Deputy Administrator Howard again suggested that definite action be withheld until a carefully worked out provision could be presented. (*) In accordance with this suggestion the amended Code was made to include the following provision:

"The National Millinery Code Authority shall undertake a complete investigation of style piracy in the Millinery Industry and shall recommend to the National Industrial Recovery Board, as promptly as possible, appropriate means for the regulation and control of style piracy, which recommendations shall be the subject of hearing, and after due notice and upon the approval of the National Recovery Board, shall become effective provisions of this Code." (**)

From this time on, the subject of style piracy was a dead issue so far as the Code Authority and NRA were concerned. The high-style group grew discouraged by the delay, gave up hope for any effective action through the instrumentalities of the Code or the National Recovery Administration, and turned to the independent promotion of the Millinery Quality Guild. (***)

D. ATTEMPTS TO CONTROL PRICES

The millinery industry, in common with most other industries, believed during the first six or eight months of the Recovery Act that the solution of most of its ills lay in the fixing of prices, or at least in a prohibition of sales below cost. Accordingly, the industry proposed to forbid such sales, cost to be computed in accordance with a uniform cost accounting system. Toward the end of 1933, however, NRA began to have grave doubts as to the wisdom of such provisions and refused to approve the industry's proposal. An avenue was left open, however, for a possible future sales-below-cost provision by permitting the Code Authority, subject to appropriate safeguards, to establish a uniform cost accounting system. The industry confidently hoped at the beginning of 1934 that after the development

---

(*) Transcript of Hearing, Millinery Industry, June 5, 1934; pp. 297-306.

(**) Article VIII, Section 16, Code as amended November 9, 1934.

(***) See supra, "Efforts to Control Piracy in the Millinery Industry."

of such a system, it would be able to persuade NRA to approve its original request.

When this question was considered on the basis, not of theory, but of the concrete difficulties involved, it became obvious that such a course was completely impractical. In the first place, there are no uniform standards by which one item of millinery may be compared to another. Even assuming the practicability of a uniform accounting system for such an industry as this, millinery still cannot be priced by formula. The value of a hat does not depend on the labor and materials which go into it, but on its style, and styles change from day to day. (*)

Coming to realize the impossibility of controlling prices, the industry refrained from proposing, as it had intended, further code provisions on the subject. Nor was there any concerted attempt to develop a uniform costing system as actually provided for by the original Code. (**) The most that was done in this direction was to draw up a model costing system and to circulate it throughout the industry as a purely educational move. Manufacturers were encouraged to use this system, but there was no attempt to compel its adoption. The entire question of price control and mandatory uniform costing methods became a dead issue, and when the Code was revised no reference was made to either.

(*) For a more complete statement of the difficulties suggested here, see Seligman, op cit.

(**) See Article VI, original Section 7 (c) Code as approved December 15, 1933.

CHAPTER III

ADMINISTRATION OF THE CODE

1. Introductory

The administration of the Millinery Code constituted one of the most difficult phases of the work of the Apparel Section of NRA. Divergent and contending factions within the industry, a Code Authority in the beginning flush with what it conceived to be its dictatorial powers, poor leadership, and, back of all, a highly disorganized industry -- all these factors combined to make impossible a smooth and untroubled administration.

The settlement of most code questions required leadership of the highest order. There was only leadership of a sort within the industry, but little of it ever aspired higher than the faction from which it grew. The need had finally to be met by importing talent from other fields and allowing it to find expression through the Special Millinery Board. It is against this background that the administration of the Millinery Code must be viewed.

II THE CODE AUTHORITY

A. ORGANIZATION

1. Method of Selection.

(a) Under Original Code. When agreement had finally been reached on the wage provisions of the Code, attention was turned, almost as an afterthought, to such remaining details as hours of work, trade practices, and administration. The consideration given to all these matters was haphazard. The result was that the allocation of code authority membership left much to be desired.

Seats were distributed on a horse-trading basis. Three instances may be cited. As pointed out above, the Headwear Group was the original advocate of wage schedules. In this it was at first opposed by the New York high style group, as well as almost of the markets outside New York. The support of the National Association of Ladies' Hatters and of the Eastern Millinery Association -- both organizations dominated by high style interests - on the principle of classification, was purchased by the Headwear Group in return for extra seats on the Code Authority. Cleveland, which swung in line on the wage question, received one seat. San Francisco, Los Angeles, Portland, and Seattle, which remained in opposition to the end, had to share one seat between them, although they represented three times as much production as Cleveland. Dallas, one of the most important of the secondary markets, was especially vigorous in its opposition and received no representation at all.

Even individuals in market [illegible] often had no voice in the selection of [illegible]. The appointment of delegates [illegible] bodies often fell far short of representing [illegible] little. And even where the

majority in a given market belonged to the Association, its by-laws were frequently such as to vest the appointive power exclusively in the board of directors.

All in all, therefore, the method of selecting the Code Authority left much to be desired. Certain extenuating circumstances, however, must be recalled. In the first place, there was no really reliable information during the formative period of the Code which might have been used as a basis for a proper allocation of representation. It was anybody's guess how much a given market represented and how many seats should be allotted it. More important, N.R.A. itself did not lay down for many months any definitive standards by which systems of representation might be judged. For instance, it proceeded on the general assumption that code authority members should be elected by trade associations. Not until later was any official concern shown for the unorganized minority. Above all, it must be remembered that the mere allocation of membership on a geographical basis would by no means have solved the problem. To have been perfectly fair it would have been necessary to accord representation on the triple basis of geographical location, type of labor relationship, and price range of product. This, however, was obviously impossible without so greatly increasing the size of the Code Authority as to render it unwiedly and prohibitively expensive.

(b) Under Amended Code. When the Code was revised in the autumn of 1934, the method of selecting the Code Authority was completely revamped. In addition to a national code authority, provision was made for a series of regional code authorities elected by the association in the various markets. Members of the national code authority were to be selected by the regional bodies.

Theoretically, this scheme corrected most of the short comings of the original arrangement. It was seen at the last moment, however, to be far too involved for practicability in operation. Consequently, in the order approving the amended Code, these provisions were stayed pending further study. The Code Authority as established under the original Code was continued as a temporary agency. Its functioning, however, was made subject to the orders and supervision of NRA. In particular, the selection of code authority officials was made subject to NRA approval, NRA reserving the right to appoint such officials directly should circumstances so warrant. During the winter and spring of 1935 a thorough study of the entire problem was made, the results of which it was planned to incorporate in a series of amendments to be considered during the summer. Activities along this line were cut short by the Supreme Court decision.

2. Industry Members. The original industry personnel of the Code Authority was comprised of (a) Messrs. Sam Lish, Sam Simon, Walter K. Marks, and Morris Schachter representing the Headwear Group; (b) Messrs. Earl M. Farrington, David Herstein, G. Howard Hodge, and N.J. Garfunkel, representing the National Association of Ladies Hatters and the Eastern Millinery Association jointly; (c) Messrs. Sam Budwig and L. Shirley Tark, representing the Midwestern Millinery Association (Chicago); (d) Mr. Howard Elliot, representing the Associated Millinery Industries of St. Louis; (e) Mr. Bernhard Stern, representing the Philadelphia Millinery

Manufacturers' Association, (f) Mr. George I. Tofias, representing the New England Millinery Jobbers' and Manufacturers' Association, (g) Mr. Nicholas Schwartz, representing the Cleveland Ladies Hat Manufacturers Association, (h) Mr. L. D. Thompson, representing the Southern Millinery Manufacturers' Association, and (i) Mr. Louis M. Pokress, representing the markets of the Pacific Coast. (*)

Messrs. Elliot, Tark, and Stern were not members of the industry but attorneys. They had, however, played a considerable part in the formulation of the Code and their selection to the Code Authority was a natural consequence. NRA came subsequently to frown upon industry representation by persons other than members of the industry. In line with this policy Mr. Tark was succeeded by Mr. Samuel Baer, Mr. Elliot by Mr. George A. Sherman, and Mr. Stern by Mr. George Kraftsow. As noted above, the Pacific Coast markets were allotted only one representative between them. By an arrangement between themselves, Los Angeles and San Francisco were to alternate in selecting a member. The first member, Mr. Pokress, was named by Los Angeles. He was succeeded by Mr. Emil Falk, named by San Francisco. (**)

3. Non-Industry Members. One of the unusual features of this Code Authority was that it included two voting members representing labor. Although even non-voting labor representation was a sore point in many industries, voting membership went almost unquestioned here. The designated labor members, Messrs. Max Zaritsky and Alexander Rose, brought to the Code Authority a high order of experience and ability.

NRA was at all times represented on the Code Authority by one or more non-voting members. On December 28, 1933, Messrs. B. H. Gitchell, Deputy Administrator, J. A. Stein, Industrial Advisor, and the author were appointed administration members. These three subsequently resigned and their place was taken by Mr. O. W. Pearson, who continued in office during the life of the Code. (***)

4. Officers. As part of the compromise leading to the adoption of the Code, Mr. Max Amberg, the leader of one faction, was engaged as code director, and the leader of another faction, Mr. Sam Lish, was elected chairman. Mr. Jasper Lewis, an aide of Mr. Amberg in the affairs of the National Millinery Council, was appointed executive secretary, and Mr. Max Shlivek, attorney for the Women's Headwear Group, was retained as general counsel. Mr. Joseph Linshie, a certified public accountant, was engaged as confidential agent. His duties from the first, however, included the functions of organizer and general manager.

(*) Administrative Order No. 151-17, Central Records Section.

(**) NRA Millinery file, Central Records Section

(***) Administrative Orders 151-2, 151-3, 151-9X, and 151-15, Central Records Section.

Mr. Amberg was unable to hold his own against the tortuous intrigue within the Code Authority and was finally forced to resign in August, 1934. From that time until the approval of the amended Code in November, Mr. Lish served as acting code director, assisted in the details of administration by Messrs. Lewis and Lipshie. Simultaneously with the approval of the amended Code, Mr. Max Meyer, chairman of the Special Millinery Board and the most important figure in the Negotiation of the amended Code, was elected chairman and director, which dual position he continued to hold until May 27, 1935. Mr. Shlivek resigned as counsel in June, 1934 and was succeeded by Mr. Maxwell Lopin, who served until November, when he in turn was succeeded by Mr. David Drechsler. Mr. Drechsler's place was taken by Mr. A. M. Darenboim, formerly of the NRA legal staff, in March, 1934, which position he continued to hold up until the Supreme Court decision. (*)

5. Committees. Various committees were set up by the Code Authority from time to time, among them: a Committee on Committees, to make recommendations to the Code Authority as to necessary committees and as to committee personnel; a Nominating Committee to recommend names for official positions; a Committee on Location, to obtain suitable code authority quarters; a Label Committee, to devise rules and regulations for the issuance and sale of labels; a Labor Complaints Committee and a Trade Practice Complaints Committee to insure code compliance; an Inter-Code Committee to keep in touch with NRA and with other code authorities as to all matters affecting the industry or the Code Authority; a Publicity Committee to disseminate information to the press and to the industry regarding the activities of the Code Authority; a Style Piracy Committee to devise means for the regulation of copying; and a Committee on By-Laws and Rules and Regulations.

The work of the Publicity Committee was cut short when NRA refused to allow the Code Authority to retain a publicity director at $6000 a year. The work of certain committees was only transitory and that of others was in large part taken over by paid officials of the Code Authority. One committee, however, was of lasting importance. Because of the size of the Code Authority and the consequent heavy expense of calling it together, meetings were held as seldom as possible. In the interim, all decisions which could not be made by the code director were referred to the Policy Committee. Some executive committee of this sort was necessary. In the circumstances, however, it could be composed only of New Yorkers and decisions of industry-wide consequence had frequently to be made. This draw-back was at least partially overcome by NRA requiring that its representative be present at all meetings of the Committee. Nevertheless, its workings were often subject to criticism.

(*) NRA Millinery File, Central Records Section

B. FINANCING THE CODE AUTHORITY

1. General Remarks. The Millinery Code Authority was amply financed. Its activities were not restricted, as was frequently the case among code authorities depending on voluntary contributions or ordinary assessments, since the necessary funds were obtained from the sale of NRA labels. Retailers were forbidden by the Retail Code from accepting unlabelled merchandise and the manufacturer could not move his goods unless he affixed labels which could only be purchased from the Code Authority. Collection was therefore automatic, and label prices were so fixed as to yield a revenue more than sufficient to cover expenses.

The temptation to spend liberally was strong, and the Code Authority was frequently criticised for an apparent carelessness in its financial affairs. To a certain extent these criticisms were justified. Much too elaborate an establishment was maintained, and official salaries in a number of instances were out of line with salaries paid for similar duties by other code authorities. Nevertheless, measured by the job done, the matter appears in a better light. Most of the money collected went directly into compliance activities. The problem of enforcement was unusually great, and it was necessary not only to maintain a considerable force of inspectors and office employees, but to build up a competent executive staff, both for the New York headquarters and for the various regional offices. Valuable though necessarily expensive work was also done in the compiling of statistics and in financing an economic survey of the industry by Professor E. R. A. Seligman.

2. Budgets and Bases of Contribution. On April 5, 1934, NRA approved a body of regulations governing the issuance of labels by the Code Authority, in which label charges were fixed at $3.50 per thousand. A budget covering the period from December 13, 1933 to December 14, 1934, was submitted about the same time. Although NRA favored the proposal made therein to reduce the label charge to $3.00 per thousand, it disapproved the gross amount of $522,056 which the Code Authority proposed to spend. A revised budget was submitted on May 19 in which total expenditures were reduced to $385,030 -- about 2/5 of one per cent of the industry's estimated net dollar volume. The gross amount and many individual items were still unsatisfactory to NRA, and a third budget was submitted in August, 1934, in which total expenditures were reduced slightly (to $384,310) and label charges were fixed as follows: for hats selling at less than $7.50 per dozen, $3.50 per thousand; for hats selling between $7.50 and $48.00 per dozen $5.00 per thousand; and for hats selling for more than $48.00 per dozen, $10.00 per thousand. The revised Code was then under consideration and many changes were contemplated in the organization of the Code Authority. (*) Action on these proposals was consequently held in abeyance.

An audit of the Code Authority books brought to light certain improper items incurred during the first fiscal year, the chief of which was the "style show" in the spring of 1934. NRA ordered that the Code Authority be reimbursed to the extent of $15,256.26

(*) See supra, "Code Authority under the Amended Code".

by its members or by the trade associations which such members represented. The Code Authority protested this order and negotiations thereon were still in process at the time of the court decision. After the approval of the amended Code, a new budget was submitted, this time for the period of January 1, 1935 - December 31, 1935. This budget was tentatively approved for a six weeks period beginning January 1, and was subsequently extended to April 15, and re-extended to June 15.

Gross expenditures were estimated at $250,136.71, with label charges the same as previously approved except for an increase of $10.00 per thousand in the price of labels to be affixed to hats selling for more than $48.00 per dozen. A number of protests were received against this budget, principally with respect to four executive salaries of more than $10,000 per year. Reductions totalling $12,900 per annum in these salaries were agreed to at the insistence of the Deputy at a conference shortly before the invalidation of the Code.

The audit mentioned above showed income from the sale of labels to have been $573,669.25 as of December 31, 1934. Later reports show label income for the period of January 1, 1935 -April 1, 1935 to have been $120,643.21. Actual expenditures during this latter period amounted to $123,776.96, or $17,570.35 under the proposed budget. On May 27, 1935 the Code Authority had a cash balance of $20,000 and a restitution account of $4,000. An orderly liquidation followed, in which these sums and such amounts as were realized from the sale of equipment were returned to the industry. (*)

C. COMPLIANCE ACTIVITIES

1. Organization. For the purpose of conducting its activities the employees of the Code Authority were divided among several departments. The departments of the New York office and the number of individuals engaged in each were as follows:

Analyzation Clerks	10	
Bookkeepers	4	
Administration	8	
Label Clerks	11	
Compliance Clerks	2	
Office Staff	9	
Inspectors	16	
Trade Practice Staff	6	
Field Auditors	18	
Statistics	8	
Adjusters	3	
Special Investigators	2	
	99	(**)

(*) NRA Millinery files and Administrative Orders 151-13, 151-24, 151-34, 151-52, 151-61, and 151-72; Central Records Section.

(**) Code Authority, First Annual Report P.2

The analyzation, label, and compliance clerks, inspectors, field auditors, trade practice staff, adjustors, and special investigators -- 60 persons in all -- were engaged directly in compliance activities. In addition, at least half of the executive personnel, listed above under "administration", were also engaged in this work and the duties of all other employees was either partially or indirectly concerned with compliance.

2. Inspection Policies. The compliance activities of the Code Authority centered around two groups,- inspectors and field auditors. Inspectors were charged with the enforcement of the hours provisions of the Code, and auditors with all other provisions.

(a) Hours Inspections. Most factories in New York City were visited at least once each day by an inspector. In many instances visits were made as often as three times a day, once between 7:30 and 9:00 A. M. once during the lunch period, and once between 5:00 P. M. and midnight. Compliance with the hours provisions could best be maintained by enforcing the uniform opening and closing hours which the Code permitted the Code Authority to prescribe. Inspections were somewhat less frequent in districts outside of New York, but the policy of numerous visits was uniformly followed. These inspectors also checked the classification of employees and the use of labels by the manufacturer. Some restitution cases were handled by this group, but only to a minor degree. A daily report was filed by each inspector, showing the factories inspected, the exact time of each visit, and any apparent code violation discovered.

Although inspections of this type were made by from 15 to 20 employees in the New York area alone, the maximum number of violations in any one week on which hearings were held totalled forty. A summary of the hearings conducted between March 1 and September 26, 1934 as a result of the activities of this department is as follows:

Type of Violation	Number of Hearings
Working during lunch hours	160
Working on Saturdays	175
Working on Sundays	58
Working outside of regular hours (not elsewhere included)	499
Non-posting of labor provisions	14
Shipping merchandise without labels	58
Total	954 (*)

(*) "Statement concerning Procedures of Millinery Code Authority," by . V. Rickord. Unless otherwise specified, all data included in this section is from this paper. Mr. Rickord was an NRA official who conducted a special investigation into the affairs of label Code Authorities.

In general, the inspector's attitude was lenient. First offenders and those guilty of minor infractions were usually let off with a warning. The inspectors had the respect and confidence of the manufacturers.

(b) Payroll Inspections. The books of each member of the industry were inspected regularly about once a month. These inspections, carried out by employees with an accounting background, included examination of payrolls, income and expenditures, sales and returns, and check and time books. Transcripts of payroll records in complete detail for each employee were forwarded to headquarters for examination by the analyzation department. If no violation was discovered, the transcript was forwarded to the statistical department where pertinent data was summarized and then filed. If an apparent violation was found, the case was scheduled for hearing. Hearings developed by this group averaged about 45 a week.

3. Restitution Cases. The Code Authority staff was highly efficient in the handling of cases involving restitution. When the amount of restitution due employees had been fixed by a hearing, the employer was given 48 hours in which to make payment. Payments were made, not to the workers but to the Code Authority, which in turn reimbursed the employees. Checks were mailed employees on the same day payment was made by the employer. Aside from a few instances during the early days of the Code, no charges or fines over and above the actual amount of restitution due were imposed.

4. Trade Practice Compliance. The fair trade practice division received complaints of alleged violation from both manufacturers and the trade practice inspectors. As of September 29, 1934, 409 complaints had been received from the former source and about 1000 from the latter. About two-thirds of the complaints filed by manufacturers had to do with unwarranted returns of merchandise and only about one-fourth with alleged infractions of the discount provisions. (*) Apparent violations of discount provisions reported by inspectors, however, over this same period accounted for about 95 per cent of the total from this source; complaints involving returned goods accounted for only 5 per cent of the total. The inference would seem to be that manufacturers were greatly concerned about unwarranted returns from retailers, but because of the intensity of competition, quite ready to connive with their buyers in the evasion of discount requirements.

The percentage distribution of trade practice violations reported by inspectors up to October 1, 1934, is as follows:

(*) Data supplied by Code Authority.

Giving improper discounts	84.5%
Violation of f.o.b. provisions	7.5%
Improper return of goods	5.0%
False invoicing	1.5%
Improper use of labels	0.5%
Misleading advertising	0.5%
Sales on consignment	0.5%
	100.0%

Because of the manufacturers' special concern with the unwarranted return of merchandise, the trade practice division offered its services as arbitrator in disputes on this point between manufacturers and their customers, provided both parties agreed beforehand to abide by its findings and awards. The success of this service was limited, less than two-fifths of all cases handled having been satisfactorily disposed of.

5. Hearings. Much of the work of the inspectors and auditors "may be regarded as good will and educational activity. As a policy the business of the member is interrupted as little as possible. Warnings are given when they will prove effective. When hearings are required an attempt is made to render these as informal as possible. In any case, the investigators and those who work up and present violation case material do not conduct hearings... By means of these informal man-to-man hearings, cases are settled amicitiously and generally to the satisfaction of all concerned." (*)

Difficult cases -- for instance, those involving questions of policy -- were handled in a formal manner by the Compliance Committee. To this committee also were referred all cases in which the alleged violator requested a formal hearing. In such hearings the respondent was usually represented by counsel. The committee was composed of two industry and two labor members, with an "impartial chairman" who was usually the executive secretary of the Code Authority. The extent to which cases of alleged violations were settled informally may be judged by the fact that the compliance committee heard an average of only five cases a month.

In the event settlement of the case did not result from the formal hearing, an application would be made to the Label Review Officer of NRA for a permit to withhold labels. Usually the mere threat of such action was sufficient to force settlement, but in a number of cases labels were actually withdrawn. If compliance was still not forthcoming, the case would then be referred to the NRA Compliance Division.

6. Regional Offices. All of the foregoing functions relating to inspection and compliance were also carried on from the regional offices located in Atlanta, Boston, Chicago, Cleveland, Dallas,

---

(*) Richard, op. cit.

Los Angeles, San Francisco, and St. Louis. A tenth regional office for New Jersey was about to be established at the time of the invalidation of the Act.

Most of these offices were manned by a single individual, who carried the title of deputy code director and who performed all work of auditing and inspecting, except that in the Chicago and St. Louis offices he was assisted by a small staff. The total personnel employed in regional offices was about 33. (*) Deputy directors were vested with little discretionary power; their function was almost entirely that of submitting facts obtained from inspections to the New York office, where findings were made and instructions issued to the deputy. This procedure was in process of modification by the establishment of regional complaints committees at the time of the court decision.

7. Summary of Compliance Activities. During 1934 more than 300,000 inspections were made of the 953 factories located in the New York metropolitan district (which included New Jersey and Connecticut) and about 100,000 inspections were made elsewhere (**) The analyzation department checked an average of 5,600 payrolls every month. 1,235 hearings were held in the New York district alone, and violations were established in 1,095 cases. A satisfactory adjustment was reached in almost every instance. Complaints handled and adjustments effected by the regional offices were roughly proportionate. (***) Only a very small percentage of all complaints of non-compliance ever reached NRA. (****)

It is possible that the Code Authority was too zealous in its compliance activities; but the fact that violations were confirmed in about 90 per cent of the complaints registered indicates that the effort was not entirely unjustified. Individual establishments are small and not always too responsible. The close association between employer and employee made collusion easy and evasion difficult to discover. Code enforcement was almost a game, the Code Authority trying to catch manufacturers off side and the manufacturers when caught accepting the penalty in good grace. All these factors considered, the elaborate compliance machinery was not nearly so unwarranted as might at first appear. Nevertheless, substantially equal results could probably have been achieved at somewhat less expense.

(*) Millinery Code Authority, First Annual Report.

(**) All facts set forth in this summarization are drawn from the Code Authority's First Annual Report, unless otherwise specified.

(***) Except in Dallas, where compliance was never established under the amended Code, and in Chicago, where there were a large number of complaints of technical violation. See infra, "Special Millinery Board."

(****) See report of J. J. Reinstein, NRA Compliance Division.

III. THE SPECIAL MILLINERY BOARD

A. INTRODUCTION

1. Creation of the Board.

The origin of the Special Board lies in the wages controversy which attended the formulation of the original Code. As early as July 31, 1933, in a conference preceding the public hearing, leaders of the non-union group insisted that if classification were considered at all it should be considered only on the basis of a fact finding survey. (*) During the succeeding months the idea recurred again and again until, as a condition of his final approval, the Administrator incorporated the following proviso in the Executive Order:

> "A special board shall be appointed by the Administrator for the purpose of determining after notice and hearing whether the scales applying to particular area, market, or member of the industry should be stayed or modified because of great and unusual hardship to such area, market, or member of the industry by reason of the application of such scales thereto." (**)

2. Personnel.

The Administrator appointed as Chairman of the Special Board, Mr. Max Meyer, a retired coat and suit manufacturer who had been active in NRA matters affecting the needle trades. Mr. Meyer was one of the founders of the original trade association in the Coat and Suit Industry and one of the principal participants with Mr. Louis D. (now Justice) Brandeis in the establishment of the first collective agreement in the apparel industries. He is Chairman of the Board of the New York City Needle Trades High School and is a member of the New York Minimum Wage Board. Withal he is more than a little of a philosopher, keenly appreciative of the problems and viewpoint of both management and labor. His entire background eminently qualified him for the difficult position of chairman of this Board.

As second member of the Board there was appointed Dr. Paul Abelson, a prominent New York attorney, who for the past twenty years has acted as impartial chairman and mediator in the fur, cap and millinery industries. His experience in these capacities gave him an intimate knowledge of technical processes in the Industry, details of shop organization, and other matters a full understanding of which was necessary to the proper functioning of the Board.

(*) NRA Lilliner files, Central Records Section.

(**) Order No. 131-1, December 15, 1933. See supra, "Formulation of the Code."

The third member, Mr. J. A. Stein, is head of the Fisher Millinery Company, one of the largest distributors of millinery in the country. With his knowledge of the various markets, of comparative production costs, and of distributive problems, he was an invaluable addition to the Board.

In November, 1934, Mr. Meyer became chairman and director of the Code Authority. His place on the board was taken by Mr. James P. Davis of the NRA Research and Planning Division. Mr. Davis had been economic advisor on the Code since its inception and was intimately familiar with the various problems with which the board was faced.

One of the most significant features of the Board was its impartiality -- an important departure from the bi-partisan tradition of the trade union movement and from the bi-partisan precedent established in other boards set up by NRA. As emphasized above, however, the problems with which the Board had to deal were not amenable to horse-trading. The unsatisfactory aspects of the Code which the Board was to correct had been a result of that process, and a new approach was necessary.

3. Organization.

The Board maintained offices with the Code Authority. Until the approval of the amended Code, the salaries of the Board members were paid by NRA, and all other expenses, including rent, equipment, supplies, clerical assistance, etc., were borne by the Code Authority. In the amended Code, however, provision was made that the Code Authority assume the entire support of the Board.

The principal employee of the Board was its Secretary, Mr. George V. Brown. All members of the Board being principally engaged in other occupations, administrative details fell largely to Mr. Brown. In this work he was assisted by a small clerical staff. The Board also employed an accountant, who had had considerable experience as a manufacturer, to visit plants and markets in various sections of the country where claims of undue hardship had been made, for the purpose of securing data on which the Board might reach a decision. In addition to collecting this information, an "industrial clinic" was usually held on the spot, at which the attention of the manufacturer was called to practices not conducive to his best interests, the correction of which might obviate the necessity for Code relief. Though one of the less publicized features of the Board's work, this service was one of the most constructive performed under the Code.

B. FUNCTIONS OF THE BOARD

1. Judicial Functions.

The Special Board was set up primarily to review and make recommendations upon allegations of undue hardship. Under most Codes

petitions on such matters might be made either to the code authority or directly to NRA. Experience indicated that code authorities tended to recommend either approval or denial of applications on a blanket basis without much regard to the merits of the individual case. In any event, the application would be passed upon by the applicant's competitors and a fair appraisal was not always possible. When requests for relief were made directly to NRA -- or when they were referred there by the Code Authority -- unavoidable administrative delay often prevented the granting of quick effective relief. Furthermore, because of its location in Washington NRA found it difficult and often impossible to secure reliable information on which to base its decisions. These shortcomings in normal procedure were serious enough for industries with simple code problems; they were impossible for an industry such as millinery where the code problems were many and complex.

The Special Millinery Board was designed to make possible an impartial approach to, and insure speedy handling of, applications for relief. It was independent of the Code Authority, and its members, while thoroughly familiar with the problems of the industry, had no connection, financial or otherwise, with any manufacturing establishment. Hearings were held within a reasonable distance of the petitioner's place of business, and in difficult cases the Board sent its investigator to study the problem on the spot. The volume of applications filed would have clogged the office of the deputy had he not been able to refer them automatically to the Board. Because of its specialized function, the Board was able to devote ample time to the consideration of each case, thus making possible a fairness and workability of decisions which could never in this case have been attained under normal NRA procedure.

2. Legislative Functions.

The life of the original Code was limited by its order of approval to May 15, 1934, but was extended by subsequent orders until such time as the then pending amended Code should be approved. Public hearings on the proposed amendments were held June 4 and 5, 1934, at which time serious objections were raised regarding wage and hour proposals. Since these were matters with which the Special Board was especially familiar, Deputy Howard suggested that the Board study the problem and submit its recommendations to NRA. At a meeting of delegates from all markets on the evening of June 4 a resolution was unanimously adopted requesting the Board to "submit its findings to the Administrator" and agreeing to "abide by the recommendations of the Special Board." (*) An overwhelming majority of the industry thus entrusted the re-writing of the Code to the Board and bound itself implicitly in advance to abide by its decisions. The step was unprecedented in NRA history. It disclosed, incidentally, the respect which the Board had won for itself in its first six months

---

(*) See "Report to the President", Code as approved November 9, 1934, page 4.

of operation.

In fulfillment of its charge, the Board conducted numerous conferences and hearings, and on July 6 submitted its report. A supplementary report was made on August 15 and a third report on September 20.(*) In the first of these a complete set of labor provisions was recommended, objections to certain features of the proposals were raised, however, when the report was published to the Industry and further hearings and conferences were called, which resulted in recommendation of minor modifications in the two supplementary reports. An amended Code embodying the Board's recommendations was approved November 9.

During the succeeding spring season the operation of the revised Code was closely observed. Plans had been made for a second major code revision -- again employing the instrument of the Special Board -- but conferences had hardly begun when the Act was invalidated.

3. Other Functions.

The Board was at all times a confidential adviser of the Deputy. There was hardly a major code problem, within the jurisdiction of the Board or otherwise, on which the advice of the Board was not sought. Its location in New York, the intimate contact of its members with the industry's leaders, and their detailed knowledge of conditions made it possible for them to supply NRA with information and advice which could not have been secured from any other source.

Under the amended Code the administration of apprentice and sub-standard worker regulations was vested in the Board instead of in the Code Authority, because of the Board's special knowledge of the problems involved and in order to prevent abuse of the only two exceptions to the basic minimum wage requirements.

C. SUMMARY OF BOARD ACTIVITIES

1. Ordinary Activities.

The activities of the Board may be classified as "ordinary" and "extraordinary". The first category comprises all work done pursuant to authority conferred by the Code; the second, work done pursuant to informal request of the Code Authority or NRA.

(*) These three reports are reproduced in full in the "report to the President," Code as approved November 9, 1934, page 3ff.

The most important "ordinary" activity undertaken by the Board was the major revision of wage differentials during the first two months of 1934. Immediately upon the approval of the original Code, protests and demands for relief from the original differentials began to flow in from all parts of the country. These were referred immediately to the Special Board, which called a hearing in New York City for the first week in January. After one or two days there, the hearings were adjourned to Washington, where they continued through January 13. As a result of these hearings, the Board recommended and NRA approved (1) a transfer of New Jersey from Area A to area B, (2) a transfer of Milwaukee from area B to area C, (3) exemption of St. Paul and Minneapolis from the wage schedules, and (4) an additional ten per cent tolerance for all the non-union markets. (*)

The granting of additional tolerance was a simple way of increasing the differential -- ten per cent more tolerance being roughly equivalent to a seven per cent reduction in wage schedules. In a series of subsequent recommendations various forms of relief -- principally in the form of tolerance -- were granted to individual manufacturers and markets, until the close of the spring season, when the Industry, including the Board, turned its attention to the writing of the new Code. Many of the exemptions recommended by the Board were incorporated directly in the amended Code, notably those transferring markets from one wage area to another. Exemptions involving tolderance, however, were not so incorporated, but provision was made that they be continued temporarily and that they be made subject to further study and recommendation. Most of these were subsequently made permanent. (**)

The second most usual type of exemption recommended by the Board was permission to employ a greater proportion of apprentices than was permitted by the Code. Such exemptions were limited to localities in which there was a serious shortage in the supply of skilled labor. In some cases also permission was granted to employ as apprentices in one occupation persons who were experienced in others, in order to prevent loss of employment because of style changes necessitating changes in the proportions of employees in the different crafts. During the 1935 spring season, the Board several times recommended that additional overtime be permitted to meet heavy production demand. In addition, to these main types, many miscellaneous but individually unimportant forms of relief were recommended.

2. Typical Cases.

A clearer idea of the Board's work may be obtained by a brief

---

(*) See Administrative Order No. 151-7.

(**) See Administrative Order No. 151-41.

examination of a few typical cases. One firm, for instance, applied for an increased tolerance, on the ground that it was the only employer of labor in a small community, that the majority of its workers had been with it for many years, and that a large percentage were aged and could not earn the code minima. Dr. Abelson made a special grip to the applicant's plant and spent four days studying the problem. Complete information was obtained as to earnings prior to and under the President's Reemployment Agreement, which the applicant had signed, as to conditions in the community, and as to production costs. The advice of local officials, leading citizens, ministers, and social workers was sought, and the applicant's employees were interviewed. As a result of this investigation the Board reported to NRA that the Code as it stood imposed an undue hardsship on this particular manufacturer, that his direct labor costs were higher than those of competing manufacturers, and that additional tolerance was necessary, not only in the interests of the firm itself but to permit the reemployment of a fairly large number of workers who had been discharged because of low productive capacity.

Another case presented to the Board involved a plant which had begun operations in a small market two or three years prior to the Code. The owner wished to increase the size of his organization, but since he had employed all the skilled labor available it was necessary to train apprentices, for which the Code at that time made no allowance. The Board, after a thorough investigation in which it found that the firm's output was comparatively small and exclusively for sale in the surrounding territory, recommended the granting of permission to employ fifteen additional apprentices to be paid at the rate of $8.50 per week for the first four weeks of employment, $13.00 per week for the next four weeks, and code wages thereafter. The success of this special relief was such that the general text of the Board's recommendation was incorporated in the amended Code and made applicable to all members of the industry.

An old established jobbing firm, which had set up a small manufacturing unit shortly prior to the adoption of the Code, made application for relief from the classified minima on the ground that it was the only manufacturing concern in a certain rural area, that the market for its product was limited, and that the labor available was not sufficiently skilled to permit payment of code wages. An investigation substantiated these contentions, and the Board recommended that the firm be assigned to the next lower wage area and that its tolerance allowance be increased by ten per cent.

An unusual case involved a furniture manufacturer who had loaned $20,000 to a millinery manufacturer and who soon thereafter had to take over the debtor's business in order to protect his advance. The furniture manufacturer, finding himself in the millinery business, requested an exemption from the wage provisions of the Code. The Board in this instance refused to recommend the relief requested, pointing out that the business itself was well established and not entitled to relief merely because it had come under an inexperienced

management. Another request denied by the Board was one in which a large concern which had been closed for a short period wished to reopen provided it was granted lower wage rates than those paid by other members of the industry in the same area.

After the adoption of the amended Code several firms situated in metropolitan centers closed their plants, discharged all their employees, and moved to lower wage areas. In most cases such concerns requested permission to employ in their new plants a larger proportion of apprentices than that permitted by the Code. The Board, though careful not to establish a general policy discouraging migration and the discharge of old employees in favor of new, denied relief in these cases on the theory that the need for relief was created solely by the applicants and that the granting of the exemptions requested would be detrimental to the interests of the workers previously employed and of other firms in the industry. In other cases, however, where transfer from one area to another was necessitated by factors outside the manufacturer's control, relief was granted.

3. Extraordinary Activities.

The most important work performed by the Board outside its normal functions was in the formulation of the amended Code. In addition, however, NRA called upon the Board to assist it in solving several other special problems.

(a) The Chicago Situation.

The most important of these came to be known as "The Chicago Situation," although it involved St. Louis and Milwaukee as well. The problem was the result of a conflict between the Code and a collective agreement: the Code specified an hourly minimum and the agreement a piece-work minimum. An average employee working at union piece-rates ordinarily earned a weekly salary for in excess of that required by the Code. However, since there are frequently, especially during the slow season, a number of periods each day in which work in a particular craft is temporarily held up, employees even at the higher piece-rates often failed to earn the minimum hourly rate specified by the Code.

Local NRA offices filed a number of complaints in Chicago to force manufacturers to make restitution to their employees on the basis of the hourly minimum of the Code. The result was the institution of an injunction suit in the Federal Court to restrain the Code Authority and NRA from requiring any such action. A series of conferences were held in Washington in an endeavor to reach a solution. Amendments to the Code, special treatment by NRA Compliance Division, temporary exemptions and other measures were suggested, but none seemed to meet all the difficulties involved.

Finally, in April, 1935, NRA requested the Special Board to try its hand. After a detailed study of the problem, the Board

recommended the issuance of an order providing that Chicago, Milwaukee, and St. Louis manufacturers be relieved from the hourly minimum so long as wages were based on piece rates arrived at through collective bargaining and such piece rates were roughly equivalent to the hourly rates set forth in the Code. In order to avoid discrimination a similar exemption was granted to non-union manufacturers on condition that piece-rates conformed to prevailing market rates. (*) This was rather vague and indefinite, but it was apparently the only solution possible in view of the fact that Union rates are based on piece-work and detailed piece-rates could not possibly be written into the Code. In any event, it settled the immediate controversy to the satisfaction of all concerned. How it would have worked out over a period of time cannot be said, for the Supreme Court decision was handed down shortly after the issuance of the Order.

(b) The Dallas Situation.

Another significant work of the Board, outside its main line of duty, was its attempt to solve a controversy which arose in the Dallas market under the amended Code. The sixty-odd Dallas manufacturers served notice on the Code Authority and NRA that they would not comply with the hours reduction (from 37½ to 35) and the wage increase (about 7½ per cent) called for by the amendments, but would continue to abide by the labor provisions of the original Code. Attempts of the Code Authority to enforce the new Code were met with open resistance, and an application was made in the Federal Court for an injunction against the Code Authority and NRA. A number of conferences were held between representatives of the parties involved, including NRA, but no effective solution could be reached.

In April, 1935, at the suggestion of the deputy, the Dallas group agreed to a special investigation by the Board for the purpose of determining the merits of its contention that compliance with the amended Code would make it impossible for it to compete. The findings and recommendations of the Board were agreed to in advance. A detailed survey of conditions in the market was made, as a result of which the Board recommended an increased tolerance allowance, on condition that the amended code be complied with in all respects. These recommendations were about to be put into effect when the Schecter Case was decided.

D. PROCEDURE OF THE BOARD.

1. Hearings.

On receipt of an application for relief, the Board fixed a time

---

(*) See Administrative Order No. 151-64.

and place of hearing and notified all parties who might in any way be interested. Hearings of minor importance were usually conducted by a single member of the Board, but at more important hearings all members were present. When an application of unusual significance was heard, NRA would be represented in the person either of the Administration member or the assistant deputy. A representative of the Code Authority was usually present, as well as a representative of labor. At most hearings the Board was assisted by legal counsel. A stenographic transcript was taken of all testimony, a copy of which was filed with NRA.

The Board's general procedure was established during its first hearings in January, 1934. An atmosphere of informality prevailed. The applicant was permitted to present all facts which he considered pertinent, and representatives of the Code Authority and labor were permitted to interrogate all witnesses, as well as to present any evidence they considered pertinent. At the close of the hearing, the merits of the case would be considered by the Board in executive session. If more evidence were found to be required, a new hearing might be called, the petitioner required to answer a questionnaire, or the Board's accountant be sent to make a detailed survey.

2. Policy of Unanimity.

The Board early adopted the principle of acting only on unanimous agreement. The disintegrating influence of minority reports was thus avoided. The otherwise admirable report of the Fur Commission, for instance, was rendered largely useless because the force of its recommendations was destroyed by a dissenting opinion. If an unanimous agreement could not be obtained, the dissenting member, at least formally, acquiesced in the decision of the majority. Thus the Board always presented an outward appearance of complete agreement.

3. Relation to NRA.

The recommendations of the Board were submitted in writing to NRA. In the beginning the policy was followed of not supporting such recommendations with argument or a summary of the evidence presented. This policy was evidently derived from Dr. Abelson's experience as impartial chairman and the desire to avoid building up a body of "common law". Subsequently, however, NRA required that the report fully substantiate the recommendations.

From the first NRA accepted the findings of the Board as conclusive. The Board was NRA's creature and it was necessary that its prestige be in no way impaired. Moreover, the Board was in an infinitely better position to reach a fair decision than NRA could possibly have been. NRA therefore approved the Board's findings except where fixed policy required otherwise. In any event, close contact at all times between the Board and the deputy's office prevented any open disagreement. To the industry, NRA and the Board

were always in complete accord.

4. Basis of Board Decisions.

In reaching its decisions, the Board took into consideration all pertinent elements of the problem involved. Because most matters handled by the Board related to wage rates, it was especially interested in the question of direct labor costs, and cost tables were always required. In cases where the application was made on behalf of an entire market, the Board, with permission of individual applicants, employed accountants to make a survey of the plants and to report their findings as to production costs. An unusually low ratio of labor costs to selling price was considered prima facie evidence that the applicant already enjoyed a competitive advantage and that relief would increase that advantage unfairly. Consideration was also given to the price range of the applicant's product. To determine the need for additional apprentices a study of the available labor supply was generally made. The rate of the applicant's personnel turnover was also considered.

Special attention was paid to wage rates prevailing prior to NRA and to wage increases necessitated by the Code, together with the effect of such increases on previous competitive relationships. In view of the number of variables involved, the Board required that all data furnished it be broken down according to crafts. Consideration was also given to type of labor relationship, and the sex, nationality and age of employees. It was found, for instance, that foreign born employees were usually more efficient than native, and male employees more efficient than female.

The applicant's methods of distribution were examined, and determination was made of the localities in which his product came to rest. The Board found it necessary to make an exhaustive study of the labor laws of the various States in order to avoid making recommendation which might in any way conflict therewith. Methods of wage payment were considered. If employees were compensated on a piece basis, great care was taken to determine how fairly the rates were fixed -- it was frequently found that the inability of employees to earn the code minima was a result of piece-rates having been fixed at an unjustifiably low level. Information was sought as to whether methods of payment had been changed after the adoption of the Code, and as to whether or not any changes made were for the purpose of evading wage increases to which the employees might otherwise have been entitled. Finally, consideration was given to methods of production, the length of time the applicant had been engaged in the industry, and the age of the market involved.

The determination of proper wage rates was an extremely complicated affair. Obviously, NRA could never have given the hundreds of cases handled by the Board the same degree of consideration as was by this means possible. In some instances -- such as the Chicago situation -- the Board gave a greater amount of consideration to the applications before it than was sometimes possible for NRA

to give to an entire code.

5. Policy in Cases involving Non-Compliance.

During the initial period, applicants frequently deferred compliance with the Code pending the Board's decision. This practice was condemned by the Code Authority on the ground that it encouraged non-compliance and greatly increased the difficulties of enforcement. The Board therefore laid down a policy of refusing to hear any petition unless the applicant during the pendency of the case conformed strictly to the requirements of the Code. The only significant exceptions to this policy were in the Chicago and Dallas situations, where the Board was specifically requested by NRA to take jurisdiction. The Board also refused to hear any application in which the constitutionality of the Recovery Act was contested.

> "Since this Board is created by the National Recovery Administration under the National Industrial Recovery Act, for a person to claim that the said Administration or Act is unconstitutional is likewise a claim that this Board is unconstitutionally appointed. Therefore, we have no power to act." (*)

(*) Transcript of Hearing, Special Millinery Board, January 8, 1934.

IV CONCLUSION

A. RESULTS OF CODE OPERATION

1. General Trends.

The value of the industry's product advanced by 11.4 per cent in 1934 over its 1933 level; unit volume advanced by 4.2 per cent. (*) The discrepancy between these two rates of increase indicates an average price appreciation of 6.8 per cent, a result partly of increased labor costs under the Code and partly of higher material costs. Certainly this price advance was not excessive, nor was it nearly so great as occurred in other industries with considerably less justification.

The industry's increased dollar volume was distributed unequally between the various price ranges and the several areas. Manufacturers selling in price ranges between $12.00 and $24.00 per dozen enjoyed the greatest increase -- 49.8 per cent. Price ranges between $4.00 and $12.00 advanced 27.0 per cent, and between $24.00 and $48.00, 17.3 per cent. The increase in price ranges between $48.00 and $72.00 was only 4.1 per cent and over $72.00, only 3.5 per cent. A decrease of 1.6 per cent was recorded for the very cheap grades selling at less than $4.00 per dozen.

Dollar volume for New York and Chicago increased by about 11.5 per cent, as compared with 9.5 per cent for the West Coast and 7.9 per cent for Baltimore and Philadelphia. The greatest increase was enjoyed by the Southern, New England and West Central markets -- 19.1 per cent, 18.2 per cent, and 16.0 per cent, respectively. In only one area was a decrease recorded -- 4.6 per cent for markets in the East Central States. (**)

Dollar volume has been declining at an accelerating pace for the entire period for which statistics are available. This downward trend was not only halted but reversed under the code. To what extent this result is attributable to the Code is problematical. Improved conditions resulting directly from the Code probably did encourage production. For the most part, however, the increased volume must be credited to general economic improvement. But such general improvement, in turn, was probably largely a result of the broad recovery program of which the Millinery Code was a part.

2. Wages.

Millinery workers enjoyed a substantial wage increase under the Code, Average hourly wages for the first six months of 1933 were only 36.2 cents. With the widespread adoption of the President's Reemployment Agreement in August, however, the figure increased to 46.3 for the second six months. The adoption of the Code increased average hourly rates for 1934 to 57.2 cents, and the adoption of the amended Code brought about a further increase to 62.0 cents for the first six months of 1935. (***) Between

---

(*) Code Authority, First Annual Report, page 22.

(**) Ibid, pp. 22-26.

(***) See Table 41

early 1933 and early 1935, therefore, average hourly rates advanced by no less than 71.3 per cent -- a remarkable achievement. Average weekly wages advanced from $16.11 in 1933 to $19.46 in 1934. The average of $21.36 for the first six months of 1935 was 38.4 per cent greater than that for the first six months of 1933. (*) That these advances are attributable directly to the Millinery Code is indicated by the correspondence of dates. The first rise was simultaneous with the adoption of PRA, the second with the adoption of the Code, and the third with the adoption of a Code amendment increasing minimum rates. The correspondence is too marked to be fortuitous.

Considerable variations are recorded in the rates of increase for the various areas. The greatest increase, 29.6 per cent, (**) took place in the West Central States. The advance of 21.1 per cent in the Southern States was next largest. The increase for New York and New Jersey was 17.7 per cent, for the North Central States 16.3 per cent, and for the New England States 13.9 per cent. Advances of 8.2 per cent took place on the West Coast, 4.2 per cent in the East Central States and 2.2 per cent in Baltimore and Philadelphia.

3. Stabilization of Labor Costs

The most significant single accomplishment of the Code was the stabilization of labor costs by means of occupational minima. It was no longer possible for manufacturers to remove from the primary markets in search of cheap labor; it was no longer necessary for legitimate manufacturers to cut wages and work excessive hours in order to compete with prices set by sub-standard markets. Labor costs became as stable and as predictable as overhead, and on the whole as uniform as material costs. Wages ceased to be, what they had become during the depression, practically the sole basis of competition.

Professor Seligman in his Survey states that the industry's most pressing need was for the stabilization of labor costs, which, he holds, is the only practicable means of meeting the industry's major problems.(***)

> "From the point of view of labor, stability of wages and employment represents the only practicable means of avoiding the wasteful replacement of skilled workers by new hands who must be trained and will thereafter remain to compete for employment. From the standpoint of management, the attainment of wage stability, both territorially and by types of manufacturers, offers the most promising approach to stability of prices, and hence to profitableness for the Industry."(****)

(*) See Table 42

(**) These figures refer to payrolls. They are not directly comparable to the Bureau of Labor Statistics data summarized above. See Code Authority, First Annual Report. See also Table 40.

(***) E.R.A.Seligman, The Millinery Industry: A Survey, p. 45.

(****) Ibid., p. 12-13.

Professor Seligman goes on to state that the beginnings of this stabilization had been made by the Code and that the provisions relating to wages were "intelligent and well-devised." (*)

4. Employment.

The record of reemployment is not so bright. Although average man-hours per week fell from 40.7 in 1933 to 32.7 in 1934, (**) the Code Authority estimated an over-all increase in employment of only 5.7 per cent. No new employment was created anywhere except in New York, and in all other markets employment dropped, in some cases sharply. Thus manufacturers in the East Central States engaged almost one-fourth less workers under the Code than formerly, and manufacturers in the Southern States about one-sixth less. Employment in the New England States and on the West Coast fell off by more than one-tenth and in Baltimore and Philadelphia by 7.5 per cent. The decrease was 3.8 per cent in the case of the West Central States and 2.0 per cent in the case of the North Central. These decreases were a result of the high wage requirements of the Code. Manufacturers outside New York had previously employed a considerable body of relatively unskilled labor which could not earn the code minima. Whenever possible such workers were dismissed and only the more skilled employees retained. Notwithstanding these decreases in employment, however, total payrolls increased in all markets, and unit and dollar sales in all markets except those in the East Central States. An increase in the efficiency of plant operation is therefore apparent. Markets which had for years been content with slipshod methods found themselves suddenly in a position where their economic existence depended on a more scientific management. Increased management efficiency made possible greater returns not only to employers but to labor as well. The cases of Detroit, Buffalo, Cincinnati and Cleveland are exceptional, since their share of the industry's total volume has been steadily decreasing over a period of years. This tendency merely continued under the Code. Even in these markets, however, total payrolls increased by 4.2 per cent. (***)

5. Seasonality.

It was hoped during the formulation of the Code that the limitation of hours and overtime would have the effect of reducing the severity of seasonal fluctuations. The Code was in operation during three peak periods: spring and fall of 1934 and spring of 1935. So far as may be judged from available data, however, no appreciable

---

(*) Ibid., p. 13. For a comparison of direct and indirect labor costs as between the several areas under the Code, see Table 44.

(**) See Table 43.

(***) See Table 43.

lengthening of the seasons occurred. The conclusion has therefore been reached in certain quarters that the Code was wholly ineffective in this respect.

It is true that no remarkable results should have been expected, simply because the limitation of hours touches only the surface of the problem. Nevertheless, if it had been carried on for a fairly extended period of time, this device would probably have tended to alleviate extreme fluctuations. The education of the distributor would be a necessary part of the process, and three lessons are hardly sufficient. A few more seasons, and some improvement would probably have been registered. It must be remembered also that the wage provisions of the Code tended to increase seasonality. In many of the non-union shops outside New York work was formerly carried on fairly steadily throughout the year. High minimum rates, however, so materially increased labor costs that in many instances shops were forced to shut down for considerable periods and to operate only when there was a volume of orders actually on the books. Workers could no longer be carried during dull times. Thus, the salutary effects of hours limitation were to some extent nullified by other code provisions.

6. Trade Practices.

The achievements of the trade practice provisions of the Code are more difficult to appraise. The Code Authority, however, estimated that these measures collectively increased the industry's income during 1934 by more than $3,000,000. The greater part of this increase -- $2,500,000 -- was credited to the terms and discount provisions alone. $250,000 was credited to the returned merchandise provisions, $200,000 to the trade-name label provision, and about $100,000 to the advertising allowances provision. (*)

These trade practices were extremely difficult to enforce, not only because of the intensity of competition but because of the ease of disguising transactions. It is probable also that in many cases where the manufacturer refused to grant concessions prohibited by the Code his buyer was able to force a corresponding adjustment in price. Even this, however, was a benefit, for it tended to make the price structure more definite and to free it from the beclouding effects of invisible price reductions. Furthermore, the very existence of these provisions constituted a moral support to the industry and in some measure strengthened its bargaining capacity.

(*) Code Authority, First Annual Report.

7. Other Benefits.

One of the most important results of the entire code process was the education of manufacturers on the problems of the industry. Certainly this was the most enduring result. The control of wages and hours may have been destroyed by the court decision, but the industry will never forget what it learned about itself in formulating and administering its Code. The Code Authority was an effective forum where industrial problems were discussed and analyzed. This process was furthered by the comprehensive statistical data collected by the Code Authority staff. A corollary of this tendency was a start in the development of effective industrial leadership. The very wranglings of the Code Authority demanded and at the same time trained leaders. The thinking of these leaders still inclines to the provincial, but after all, a scant eighteen months is hardly sufficient to alter completely the attitudes of a lifetime. Intangible as these benefits are, they are nevertheless real, and in any full appraisal of the Millinery Code they must be accorded recognition.

V. DEVELOPMENTS SINCE JUNE, 1935

Immediately after the invalidation of the Code, leaders in the industry attempted to salvage its main features through the establishment of a national trade association and the adoption of a voluntary code under the substitute NRA legislation. A series of meetings were held, culminating in a conference in Chicago at which representatives of all markets were present. The National Millinery Manufacturers' Association was the result. Mr. Max Meyer was named chairman and Mr. A. H. Barenboim, late of NRA, executive secretary. A central office was to be maintained in New York, and branch offices in all markets of importance. Each market, however, was to remain practically autonomous.

The movement soon died out, largely because of factional differences. In the meantime, conditions in the industry went from bad to worse. Discounts increased, sometimes to as high as 12 per cent. (*) The volume of cancellations and returns became greater and greater, pressure began to be exerted to force shipments on consignment and unwarrented allowances for advertising. Practically every market outside New York City, whether under a collective agreement or not, abandoned the 35-hour week. Union markets have generally been held to 40 hours, but in non-union markets standard hours are as high as 44 and during the season frequently reach as high as 60. Not much change in wage standards has been evident where the union is in control. In practically every market where it is not, however, the occupational minima have been abandoned, although in some markets a single minimum -- usually about $12.00 -- is maintained. Average weekly wages for the record six months of 1935 were 7.3 per cent less than for the first six months; average hourly rates fell, during the same period, from 62.0 cents to 57.5. (**)

The already high bankruptcy rate is apparently on the increase. Industrial migration has set in to an alarming degree. Between June and December, 1935, 38 firms moved out of New York City. Most of them to Connecticut and New Jersey, leaving more than 2500 workers stranded. In addition to the attractions of low wage and non-union labor, chambers of commerce and other local organizations have offered special inducements in the way of free rent, subsidies, etc. The New York Real Estate Board has become seriously concerned over the movement because the rental incomes of its members has been impaired. A special [illegible]

(*) The information set forth herein was supplied by Messrs. O. W. Pearson, Executive Secretary, Millinery Stabilization Board (see infra.), and Joseph Helfer, Executive Secretary, Women's Headwear Group.

(**) See Tables 41 and 42.

committee has been set up to study the problem.

Toward the latter part of 1935 Mr. Max Zaritsky, President of the Union, came to realize that something had to be done if the members of his organization were to retain their jobs. He therefore arranged a series of conferences with industry leaders to see what could be accomplished. As a result it was decided to establish an independent agency to be known as the Millinery Stabilization Commission, to consist of three members having no connection with the industry. Mr. Max Meyer was selected as chairman and Mr. O. W. Pearson, former administration member of the Code Authority, as executive secretary. Dr. Paul F. Brissenden of Columbia University, an NRA official, was selected as the third member.

A supplementary collective agreement has been entered into binding union shops in New York City to abide by the trade practice provisions of the invalidated Code. A label to be issued by the Commission will signify such compliance, as members of the union will refuse to work on any hats to which labels are not affixed. The labels are to be sold at such a price as will finance the operations of the Commission. A set of trade practice rules -- substantially those of the old Code -- are now pending for approval before the Federal Trade Commission.

The Commission has received the practically unanimous support of the New York market. New Jersey has already opened negotiations looking toward the Commission's extending its scope across the Hudson. Chicago is especially interested. A number of meetings have been held to discuss the establishment of an independent commission in that market, and a committee is proceeding to New York to study what has already been done. Within a year similar agencies will probably exist in all unionized centers. For the time being at least, little effort will be made to operate on a national basis. Inter-market antagonisms are still such as to make a high degree of local autonomy imperative.

The stabilization commission idea, in spite of its obvious shortcomings is the most progressive step which is feasible for the industry at this time. It will not be as effective as the Code, but it should be able to check some of the worst tendencies which have followed the invalidation of the Code.

APPENDICES

I. STATISTICAL APPENDIX

TABLE I

THE HEADWEAR INDUSTRIES

Comparison With All Wearing Apparel Industries
And All Manufacturing Industries, 1929 a/

	Headwear Industry b/	All Wearing Apparel Industries c/	All Manufacturing Industries	Percentage Ratio of Headwear Industry To	
				All Wearing Apparel	All Manufacturing
Number of Establishments	$ 2,243	22,720	210,959	9.9	1.0
Number of Wage Earners	62,800	1,018,396	8,838,743	6.1	0.7
Wages	$ 82,099,340	1,125,989,302	11,620,973,254	7.3	0.7
Cost of Materials d/	201,369,646	3,095,586,468	38,549,579,732	6.5	0.5
Value of Products	387,565,231	5,897,686,977	70,434,863,443	6.6	0.5
Value added by Manufacture	186,195,585	2,802,100,435	31,885,283,711	6.6	0.6

a/ Fifteenth Census of the United States: "Manufactures, 1929", Vol. 11.

b/ Coverage as in Table I.

c/ Includes Census Classification of "Feathers, Plumes and Manufacturers Thereof" which is not included under census classification of "Wearing Apparel".

d/ Also includes cost of containers, fuel and purchased electrical energy.

TABLE 2

THE HEADWEAR INDUSTRIES

Number of Establishments, Number of Wage Earners, Wages, Cost of Materials, Value of Products, and Value Added by Manufacture, 1929 a/

	Number of Establishments	Number of Wage Earners	Wages	Cost of Materials b/	Value of Products	Value Added By Manufacture
All Headwear Industries Total	2,243	62,800 g/	$82,099,340 h/	$201,369,646	$387,565,231 i/	$186,195,585
Millinery Industry c/	1,293	32,206	42,715,059	98,089,659	195,693,457	97,603,798
Hat Industry d/	223	21,947	28,504,792	68,680,855	129,798,749	61,117,894
Cap and Cloth Hat Industry e/	576	5,826	7,694,078	16,907,661	35,900,664	18,993,003
Subsidiary Industries f/	151	2,821	3,185,411	17,691,471	26,172,361	8,480,890

a/ Fifteenth Census of the United States: "Manufactures, 1929"; Vol. II.

b/ Includes cost of containers, fuel, and purchased electrical energy.

c/ Includes only Census classification "Millinery," which does not correspond with scope of Millinery Industry as defined in text.

d/ Includes Census classifications of "Hats, Fur-Felt," "Hats, Wool-Felt," and "Hats, Straw, Men's."

e/ Includes Census classification of "Hats and Caps, except Felt and Straw, Men's."

f/ Includes Census classification of "Hats and Cap Materials, Men's," and "Feathers, Plumes, and Manufacturers thereof." Other subsidiary products included in figures for Millinery Industry.

g/ Assuming ratio between value of products and number of wage earners remains fairly constant, additions to total value of product noted in i/ below indicates a total employment of approximately 75,000.

h/ Assuming ratio between value of products and wages remains fairly constant, additions to total value of product noted in i/ below indicate a total wage bill of close to $100,000,000.

i/ To total of value of products should be added (1) estimated value of Custom Millinery Products (see text): $65,000,000; (2) value of knitted headwear (classified by Census under "Knit Goods"). $3,783,126; and (3) value of various headwear products manufactured as secondary products in other industries: $8,725,439. The grand total of $465,073,786 thus obtained, however, contains considerable duplication. For instance, the greater part of various headwear products designated in Census data as "produced as secondary product by other industries" is probably produced by other branches of the Headwear Industries; practically all products of subsidiary industries are used as raw material by Headwear Industries proper; fur-felt and wool-felt bodies produced by Hat Industry are used to considerable extent by Millinery Industry; and figure for Millinery Industry includes value of millinery linings, braids, trimmings, etc., used in manufacture of millinery. The figure of $465,073,786 does, however, provide a fairly accurate measure of volume of sales.

TABLE 3

THE HEADWEAR INDUSTRIES

Value Of Product By Principal Classes, 1929 a/

	Value	Per cent of total
All Products	$452,725,355 f/	100.0
Millinery Products b/	247,591,486	54.7
Hat Products c/	126,963,159	28.1
Cap and Cloth Hat Products d/	34,831,878	7.7
Subsidiary Products e/	43,338,832	9.5

a/ Fifteenth Census of the United States: "Manufactures, 1929"; Vol II

b/ Includes trimmed hats, infants' headwear, custom millinery, and knitted headwear.

c/ Includes Census Classifications of "Hats, Fur-Felt", "Hats, Wool-Felt", and "Hats, Straw, Men's."

d/ Includes Census Classification of "Hats and Caps, other than Felt and Straw, Mens."

e/ Includes Census Classifications of "Feathers, Plumes, and Manufactures Thereof," "Hat and Cap Materials, Men's," and, under "Millinery," millinery braids, trimmings, frames, linings, and other millinery products.

f/ Does not include value of products not normally belonging to this Industry, nor receipts for contract work. Does include value of products made as secondary products by other industries.

TABLE 5

HAT MANUFACTURING INDUSTRY

Value of Products, Principal Classes, 1939 a/

Class	Value b/	Per cent of total
All Products	$126,967,159	100.0
Fur-Felt Products, Total	94,[illegible],[illegible]	74.9
Finished Hats	70,808,[illegible]	56.0
Hat Bodies	24,[illegible],154	18.9
Straw Products, Total	22,[illegible],[illegible]	17.9
Straw Braid Hats	13,[illegible],[illegible]	10.5
Woven Bod. Hats	[illegible],[illegible]	5.8
Harvest Hats	4,[illegible],[illegible]	3.6
Wool-Felt Products, Total	9,[illegible],[illegible]	7.2
Finished Hats	[illegible],[illegible]	3.5
Hat Bodies	[illegible],[illegible]	2.9
Other	1,[illegible],[illegible]	0.8
Silk and Opera Hats	c/	

a/ Fifteenth Census of the United States: "Manufactures, 1939"; Vol.II

b/ Does not agree with Table I, which includes receipts for contract work and value of products not normally belonging to this Industry.

c/ Non-separable from Census data; in any event negligible.

TABLE 6

CAP AND CLOTH HAT INDUSTRY

Production of Various Types of Caps a/

Type of Cap	Dozens Produced	Per cent of total
All types of Golf Caps	153,428	100.0
$0.25	22,572	14.8
0.39	17,001	11.1
0.50	9,507	6.3
0.59	4,097	2.8
0.69	24,668	16.1
0.79	941	0.6
1.00	29,390	19.3
1.50	3,042	2.0
Others b/	41,308	27.0

a/ Source: Report of Special Commission for the Cap and Cloth Hat Industry
Source: Questionnaires sent out by the Industry Reporting Unit, Division of Research and Planning, National Recovery Administration; supplementary questionnaires sent out by Special Commission; and Production Reports made to Cap and Cloth Hat Code Authority.

b/ Includes hunting, uniform, shop, railroad and novelty caps.

TABLE 7

CAP AND CLOTH HAT INDUSTRY

Value of Products by Principal Classes, 1929 a/

Class	Value	Per cent of total
All Hats and Caps b/	[illegible],[illegible]0,775 c/	100.0
Cloth Hats and Caps	[illegible],158,155	94.0
Other Hats and Caps	675,[illegible] d/	1.9
Hats and Caps made as secondary Products in other Industries	1,298,897	4.1

a/ Fifteenth Census of the United States; "Manufactures, 1929"; Vol.II

b/ The term "Hats and Caps" is used for convenience. The correct term, according to the Census, is "Hats and Caps, except felt and straw, men's."

c/ This total does not agree with the figure for the Cap and Cloth Hat Industry set forth in Table I, this latter figure including other products not normally taken up to this industry ($1,[illegible]13,696) and receipts for contract work (1,1[illegible],187), neither of which is included in the total for this table, and excluding hats and caps made as secondary products in other industries.

d/ This figure includes silk and derby hats, this product being included in the Census Classification of "Hats and caps, except felt and straw, men's". For Code purposes, however, as well as for the purposes of this Report, this product is considered a part of the Hat Manufacturing Industry. See above.

TABLE 8

SUBSIDIARY HEADWEAR INDUSTRIES

Value of Products, by Principal Classes, 1929 a/

Class of Product	Value	Per cent of Total
All Products	$42,952,000	100.0
Millinery, Total	17,012,000	41.9
Feathers	7[illegible],000	1.8
Braids	3,969,000	9.4
Trimmings	2,465,000	5.8
Frames	890,000	2.1
Linings	7,[illegible]39,000	17.2
Other	2,[illegible]94,000	5.6
Hat Manufacturing and Cap and Cloth Hat, Total	25,080,000	58.1
Hatters' Fur	18,088,000	42.2
Sweatbands	1,760,000	4.1
Linings	2,094,000	4.8
Cap Fronts	88[illegible],000	2.1
Stamping and Embossing b/	637,000	1.4
Other	1,545,000	3.5

a/ Fifteenth Census of the United States: "Manufactures, 1929", Vol.II

b/ A service, not a product

TABLE 9

MILLINERY INDUSTRY

Value of Products by Principal Divisions of

the Millinery Industry, 1929 a/

Division	Value of Product	Per cent of Total
All Divisions	$248,548,707 b/	100.0
Private or Home Millinery	c/	c/
Custom Millinery	65,000,000 d/	26.1
Factory Millinery	172,[illegible]30,099 e/	69.3
Infants' Headwear	5,290,079	2.1
Knitted Headwear	3,783,135	1.5
Millinery Manufactured as Secondary Product by other industries	2,[illegible]0,448	1.0

a/ Fifteenth Census of the United States: "Manufactures, 1929"; Vol.II

b/ Includes $952,231 for value of products not normally belonging to Millinery Industry; consequently does not agree with figure given in Table IV.

c/ No data available, but inconsequential.

d/ Estimated by author from available information; see discussion in text.

e/ Includes value of trimmed hats and value of products not normally belonging to this Industry; does not include value of millinery frames, linings, braids, trimmings, etc. (though much of such products are manufactured by Millinery Industry proper), nor value of millinery manufactured as secondary product by other industries.

TABLE 10

MILLINERY INDUSTRY

Firms and Label Sales, by States, Ranked According to Number of Labels Sold per State, 1934 (a)

States	Rank of State	Firms: No. registered with Code Authority Dec. 31, 1934	Firms: Per Cent of Total	Firms: Cumulative per cent of Total	Label Sales: Number (thousands)	Label Sales: Per Cent of Total	Label Sales: Cumulative Per Cent of Total
Total		1,354	100.0		102,219.5	100.0	
New York	1	890	65.8	65.8	64,594.0	63.2	63.2
Illinois	2	95	7.0	72.8	9,153.0	9.0	72.2
New Jersey	3	40	3.0	75.8	7,244.0	7.1	79.3
Missouri	4	56	4.1	79.9	5,037.0	4.9	84.2
Massachusetts	5	37	2.7	82.6	3,600.0	3.5	87.7
California	6	100	7.4	90.0	2,498.5	2.4	90.1
Pennsylvania	7	29	2.1	92.1	1,397.0	1.4	91.5
Georgia	8	5	.4	92.5	1,355.0	1.3	92.8
Wisconsin	9	5	.4	92.9	1,277.5	1.3	94.1
Texas	10	21	1.6	94.5	1,231.0	1.2	95.3
Ohio	11	22	1.6	96.1	1,058.0	1.0	96.3
Connecticut	12	7	.5	96.6	960.0	.9	97.2
Maryland	13	5	.4	97.0	690.5	.7	97.9
Michigan	14	9	.7	97.7	537.0	.5	98.4
Virginia	15	4	.3	98.0	493.0	.5	98.9
Alabama	16	2	.1	98.1	420.0	.4	99.3
Rhode Island	17	1	.1	98.2	239.0	.2	99.5
Washington	18	8	.6	98.8	96.5	.1	99.6
Colorado	19	2	.1	98.9	69.5	.1	99.7
Utah	20	3	.2	99.1	69.0	.1	99.8
Minnesota	21	3	.2	99.3	68.5	.1	99.9
Iowa	22	1	.1	99.4	53.5	.1	100.0
Oklahoma	23	2	.1	99.5	33.0	(b)	
Oregon	23	4	.3	99.8	26.0	(b)	
Indiana	24	2	.1	99.9	13.0	(b)	
Florida	25	1	.1	100.0	6.0	(b)	

(a) Compiled from data submitted by Code Authority. Similar data were reported for the first quarter of 1935, showing 1,354 firms registered and 26,323,000 labels sold to those firms. Of these, 9 firms to which 116,500 labels were sold during the first quarter of 1935 were located in eight states for which no registrations were reported for 1934.

(b) Less than 0.1 per cent.

TABLE 11

MILLINERY INDUSTRY

Firms and Label Sales, By Cities Ranked According to Number of Labels Sold Per City, 1934 (a)

City	Rank of City	Firms: No. registered with Code Authority Dec. 31, 1934	Firms: Per Cent of Total	Firms: Cumulative per cent of total	Label Sales: Number (thousands)	Label Sales: Per cent of Total	Label Sales: Cumulative per cent of total
Total		1,354	100.0		102,219.5	100.0	
New York City	1	878	64.8	64.8	64,135.0	62.7	62.7
Chicago, Ill.	2	95	7.0	71.8	9,153.0	9.0	71.7
St. Louis, Mo.	3	47	3.5	75.3	4,761.0	4.7	76.4
Los Angeles, Cal.	4	74	5.5	80.8	1,733.0	1.7	78.1
Union City, N.J.	5	3	.2	81.0	1,484.0	1.5	79.6
Atlanta, Ga.	6	5	.4	81.4	1,355.0	1.3	80.9
Milwaukee, Wisc.	7	5	.4	81.8	1,277.5	1.2	82.1
Philadelphia, Pa.	8	27	2.0	83.8	1,263.5	1.2	83.3
Dallas, Texas	9	21	1.6	85.4	1,231.0	1.2	84.5
Elizabeth, N.J.	10	6	.4	85.8	1,118.0	1.1	85.6
Cleveland, Ohio	11	20	1.5	87.3	1,007.0	1.0	86.6
Boston, Mass	12	28	2.1	89.4	998.0	1.0	87.6
Hoboken, N.J.	13	5	.4	89.8	949.5	.9	88.5
Jersey City, N.J.	14	9	.7	90.5	890.5	.9	89.4
West Upton, Mass	15	1	(b)	-	772.5	.8	90.2
San Francisco, Cal.	16	23	1.7	92.1	743.5	.7	90.9
Stamford, Conn	17	2	.1	92.2	726.5	.7	91.6
Baltimore, Md.	18	5	.4	92.6	690.5	.7	92.3
Chicopee, Mass	19	1	(b)	-	575.0	.6	92.9
Detroit, Mich	20	9	.7	93.4	537.0	.5	93.4
Linden, N.J.	21	1	(b)	-	518.5	.5	93.9
Richmond, Va.	22	2	.1	93.6	482.5	.5	94.4
Amesbury, Mass	23	1	(b)	-	469.0	.5	94.9
Medfield, Mass	24	1	(b)	-	458.0	.4	95.3
Birmingham, Ala	25	2	.1	93.9	420.0	.4	95.7
Passaic, N.J.	26	1	(b)	-	413.5	.4	96.1
Arlington, N.J.	27	1	(b)	-	398.0	.4	96.5
W.New York, N.J.	28	2	.1	94.2	330.5	.3	96.8
Carlstadt, N.J.	29	1	(b)	-	295.5	.3	97.1
East Rutherford, N.J.	30	1	(b)	-	270.0	.3	97.4
Buffalo, N.Y.	31	3	.2	94.5	267.0	.3	97.7
Providence, R.I.	32	1	(b)	-	239.0	.2	97.9
Trenton, N.J.	33	1	(b)	-	193.5	.2	98.1
Kansas City, Mo.	34	6	.4	95.1	138.5	.1	98.2
Cranford, N.J.	35	1	(b)	-	133.0	.1	98.3
St. Joseph, Mo.	36	1	(b)	-	128.0	.1	98.4
South Norwalk, Conn	37	2	.1	95.4	126.5	.1	98.5
Fitchburg, Mass	38	1	(b)	-	124.0	.1	98.6
Paterson, N.J.	39	2	.1	95.6	122.5	.1	98.7

City	Rank of City	Firms: No. registered with Code Authority Dec. 31, 1934	Firms: Per cent of Total	Firms: Cumulative per cent of total	Label Sales: Number (thousands)	Label Sales: Per cent of Total	Label Sales: Cumulative per cent of total
Milford, Mass	40	1	(b)	-	115.5	.1	98.8
Scranton, Pa.	41	1	(b)	-	115.0	.1	98.9
Seattle, Wash.	42	8	.6	96.4	96.5	(b)	
Maspett, L.I.	43	2	.1	96.5	88.0	(b)	
Worcester, Mass	44	1	(b)	-	74.0	(b)	
Denver, Col.	45	2	.1	96.7	69.5	(b)	
New Haven, Conn	46	1	(b)	-	67.5	(b)	
Des Moines, Iowa	47	1	(b)	-	53.5	(b)	
New Brunswick, N.J.	48	1	(b)	-	51.5	(b)	
Cincinnati, Ohio	49	2	.1	97.1	51.0	(b)	
Minneapolis, Minn.	50	2	.1	97.2	49.5	(b)	
Beacon, N.Y.	51	1	(b)	-	47.5	(b)	
Salt Lake City, U.	52	2	.1	97.5	47.0	(b)	
Hackensack, N.J.	53	1	(b)	-	44.0	(b)	
Hartford, Conn	54	1	(b)	-	39.0	(b)	
Oklahoma City, Okla	55	2	.1	97.8	33.0	(b)	
Portland, Oregon	56	4	.3	98.1	26.0	(b)	
Yonkers, N.Y.	57	1	(b)	-	24.0	(b)	
Ogden, Utah	58	1	(b)	-	22.0	(b)	
Perth Amboy, N.J.	59	1	(b)	-	21.5	(b)	
St. Paul, Minn.	60	1	(b)	-	19.0	(b)	
Reading, Pa.	61	1	(b)	-	18.5	(b)	
Mt.Vernon, N.Y.	62	1	(b)	-	18.0	(b)	
Indianapolis, Ind.	63	2	.1	98.7	13.0	(b)	
Inglewood, Cal	64	1	(b)	-	12.0	(b)	
Hollywood, Cal.	65	2	.1	98.9	10.0	(b)	
Jamaica, L.I.	66	1	(b)	-	9.5	(b)	
Newburyport, Mass	67	1	(b)	-	9.0	(b)	
Elvina, Mo.	68	1	(b)	-	9.0	(b)	
Roanoke, Va.	69	1	(b)	-	8.5	(b)	
Plainfield, N.J.	70	1	(b)	-	7.0	(b)	
Miami, Florida	71	1	(b)	-	6.0	(b)	
Foxboro, Mass	72	1	(b)	-	5.0	(b)	
Oakland, N.J.	73	1	(b)	-	2.5	(b)	
Norfolk, Va.	74	1	(b)	-	2.0	(b)	
Rochester, N.Y.	75	1	(b)	-	2.0	(b)	
Queens Village, L.I	76	1	(b)	-	2.0	(b)	
Richmond Hills, L.I	77	1	(b)	-	1.0	(b)	
Bridgeport, Conn	78	1	(b)	-	0.5	(b)	
Columbia, Mo.	79	1	(b)	-	0.5	(b)	
Upper Montclair, N.J	80	1	(b)	100.0	0.5	(b)	100.0

(a) Compiled from data submitted by Code Authority. Similar data were reported for the first quarter of 1935, showing 1,354 firms registered and 26,323,000 labels sold to those firms. Of these, 9 firms to which 116,500 labels were sold during the first quarter of 1935 were located in 8 towns and cities for which no registrations were reported for 1934.

(b) Less than 0.1 per cent.

TABLE 12

MILLINERY INDUSTRY

Value of Products by States, 1927-1933 a/

States	1933 Amount	1933 Per Cent	1931 Amount	1931 Per Cent	1929 b/ Amount	1929 b/ Per Cent	1927 Amount	1927 Per Cent
UNITED STATES	$77,347,000	100.00	$144,575,116	100.00	$195,693,457	100.00	$209,494,828	100.00
NEW YORK	47,008,950	60.78	92,739,674	64.15	125,937,160	64.36	133,961,262	63.94
ILLINOIS	8,975,721	11.6	14,634,688	10.12	19,947,859	10.19	26,913,402	12.85
CALIFORNIA	3,502,710	4.53	6,670,751	4.61	10,651,799	5.44	8,102,270	3.87
MISSOURI	3,824,324	4.94	8,699,873	6.02	9,622,148	4.92	12,214,602	5.83
MASSACHUSETTS	2,574,873	3.33	3,642,190	2.52	5,131,571	2.62	4,493,674	2.15
PENNSYLVANIA	1,614,441	2.09	4,743,909	3.28	4,896,624	2.50	4,373,819	2.09
WISCONSIN	1,404,646	1.8	2,633,491	1.82	3,787,013	1.93	3,878,988	1.85
OHIO	954,757	.56	1,639,469	1.13	3,153,944	1.61	3,903,342	1.86
NEW JERSEY	2,467,221	3.2	2,310,312	1.60	2,241,453	1.15	897,145	.43
GEORGIA	1,551,939	2.0	1,850,437	1.28	1,974,252	1.01	1,928,161	.92
TEXAS	1,145,667	1.48	1,668,398	1.15	1,890,170	.97	1,404,907	.67
WASHINGTON	224,808	.29	559,585	.39	882,802	.45	862,114	.41
MINNESOTA	135,832	.18	246,430	.17	544,368	.28	1,543,413	.74
IOWA	c/		c/		524,246	.27	548,506	.26
INDIANA	c/		c/		487,972	.25	660,887	.32
CONNECTICUT	298,561	.37	c/		402,750	.21	c/	
OREGON	c/		196,004	.14	429,787	.22	c/	
UTAH	c/		177,266	.12	346,220	.15		
ALL OTHERS	2,180,307	2.85	2,162,629	1.50	2,812,319	1.44	3,808,336	1.81

a/ Fifteenth Census of the United States "Manufactures: 1929", Vol II, p. 327; Census of Manufactures: 1931, "Millinery"; Census of Manufactures: 1933, "Wearing Apparel".

b/ For 1929, manufactures' sales (shipments or deliveries); for 1927, 1931, and 1933, production

c/ Included in "All Others"

TABLE 13

WAGE EARNERS, MILLINERY INDUSTRY BY STATES, 1927-1933 a/

State	1933		1931		1929		1927	
	Number	Per Cent of Total	Number	Per Cent of Total	Number	Per Cent of Total	Number	Per Cent of Total
UNITED STATES	22,574	100.0	26,612	100.0	32,206	100.0	33,311	100.0
New York	11,152	49.4	14,107	53.0	16,655	51.7	16,633	49.9
Illinois	3,517	15.6	3,400	12.8	3,598	11.2	4,298	12.9
California	1,244	5.51	1,587	6.0	2,702	8.4	1,958	5.9
Missouri	1,486	6.6	1,765	6.6	2,042	6.3	2,978	8.9
Massachusetts	980	4.3	969	3.6	1,307	4.1	1,445	4.3
Pennsylvania	557	2.46	1,182	4.4	1,071	3.3	982	2.9
Wisconsin	613	2.7	735	2.8	952	3.0	1,000	3.0
Ohio	439	1.9	420	1.6	807	2.5	950	2.9
Georgia	542	2.4	572	2.2	554	1.7	540	1.6
New Jersey	723	3.2	422	1.6	400	1.3	308	0.9
Texas	468	2.07	482	1.8	397	1.2	391	1.2
Washington	92	.42	175	0.7	268	0.8	222	0.7
Minnesota	64	.28	86	0.3	161	0.5	359	1.1
Iowa	b/	b/	b/	b/	158	0.5	169	0.5
Indiana	b/	b/	b/	b/	189	0.6	217	0.7
Connecticut	78	.35	b/	b/	95	0.3	b/	b/
Oregon	b/	b/	65	0.2	130	0.4	b/	b/
Utah	b/	b/	50	0.2	102	0.3		
Other States	620	2.41	595	2.2	618	1.9	861	2.6

a/ Fifteenth Census of the United States, "Manufactures: 1929", Vol II, pp. 327-328; Census of Manufactures: 1931, "Millinery"; and Census of Manufactures: 1933, "Wearing Apparel."

b/ Included in "Other States."

TABLE 14
MILLINERY INDUSTRY
Geographical Distribution of Establishments by Price Range of Product, 1934-1935 a/

	Number of Establishments by Price Range of Product (Wholesale, per Dozen)						Total b/
	To $4.00	$4.01-$12.00	$12.01-$24.00	$24.01-$48.00	$48.01-$72.00	$72.00-up	
UNITED STATES	48	727	347	207	61	65	1455
New York	36	521	204	93	36	57	947
Illinois	-	48	38	15	2	-	103
New Jersey	4	37	2	1	-	-	44
Missouri	3	21	2	23	6	3	58
Massachusetts	3	22	10	3	2	-	40
California	1	22	42	38	9	3	115
Pennsylvania	-	20	7	3	1	1	32
Georgia	1	-	3	2	-	-	6
Wisconsin	-	-	2	2	1	-	5
Texas	-	7	11	4	-	1	23
Ohio	-	8	9	4	2	-	23
Connecticut	-	9	3	-	-	-	12
Maryland	-	3	-	1	1	-	5
Michigan	-	5	4	-	-	-	9
Virginia	-	-	1	3	1	-	4
Alabama	-	-	2	-	-	-	2
Rhode Island	-	-	-	-	-	-	-
Washington	-	-	-	8	1	-	9
Colorado	-	-	-	2	-	-	2
Utah	-	-	2	1	-	-	3
Minnesota	-	-	1	2	-	-	3
Iowa	-	-	1	-	-	-	1
Oklahoma	-	1	1	-	-	-	2
Oregon	-	1	1	1	-	-	3
Indiana	-	1	1	-	-	-	2
Florida	-	1	-	-	-	-	1
Montana	-	-	-	1	-	-	1

a/ Compiled from data submitted by the Millinery Code Authority.
b/ Totals include firms starting in business in 1935 and firms in business in 1934 but not in 1935

TABLE 15

MILLINERY INDUSTRY

Geographical Distribution, by Class and Value of Product, 1929 (a)

State	All Trimmed Hats	Per cent of Total	Wool-Felt Hats	Per cent of Total	Fur-Felt Hats	Per cent of Total	Other Trimmed Hats	Per cent of Total
United States	$173,518,281	100.0	$65,131,349	100.0	$27,535,597	100.0	$80,851,335	100.0
California	10,625,998	6.1	3,169,611	5.0	2,265,403	8.4	5,190,984	6.4
Georgia	1,934,274	1.2	648,834	1.0	(b)		(b)	
Illinois	18,332,889	10.4	6,419,626	9.9	1,734,302	6.2	10,178,961	12.6
Iowa	502,246	0.3	70,180	0.1	(b)		(b)	
Maryland	670,410	0.4	317,293	0.5	(b)		(b)	
Massachusetts	3,939,873	2.3	1,515,414	2.2	208,761	0.7	2,215,698	2.7
Minnesota	544,368	0.3	83,305	0.1	(b)		(b)	
Missouri	8,853,561	5.1	2,932,597	4.3	508,730	2.3	5,412,234	6.7
New Jersey	1,796,052	1.1	1,226,616	1.9	(b)		569,886	0.7
New York	109,901,448	63.2	42,815,959	65.7	20,218,328	73.4	46,867,158	58.0
Ohio	3,094,406	1.8	1,473,835	2.2	325,959	1.2	1,294,612	1.6
Pennsylvania	3,345,603	1.9	878,695	1.4	442,031	1.6	2,024,877	2.5
Texas	1,765,239	1.1	643,862	1.0	204,425	0.7	916,942	1.1
Utah	301,375	0.2	(b)		(b)		(b)	
Washington	778,141	0.5	326,924	0.5	(b)		(b)	
Wisconsin	3,769,713	2.2	1,624,716	2.5	(b)		(b)	
Other States	3,362,698	1.9	1,684,332	1.7	1,527,658	5.5	6,179,983	7.7

(a) Fifteenth Census of the United States: "Manufactures, 1929", Vol. II, p. 328.

(b) Included in "Other States".

TABLE 16

Percentage Distribution of Label Sales to Millinery Industry Manufacturers, 1934, and Population, 1930, by States.

State	Per Cent of Total		State	Per Cent of Total	
	Label Sales a/	Population b/		Label Sales	Population
UNITED STATES	100.0	100.0	Nebraska	0.0	1.1
Alabama	0.4	2.2	Nevada	0.0	.1
Arizona	0.0	.4	New Hampshire	0.0	.4
Arkansas	0.0	1.5	New Jersey	7.1	3.3
California	2.4	4.6	New Mexico	0.0	.3
Colorado	0.1	.8	New York	63.2	10.2
Connecticut	0.9	1.3	North Carolina	0.0	2.6
Delaware	0.0	.2	North Dakota	0.0	.6
District of Columbia	0.0	.4	Ohio	1.0	5.4
Florida	c/	1.2	Oklahoma	c/	2.0
Georgia	1.3	2.4	Oregon	c/	.8
Idaho	0.0	.4	Pennsylvania	1.4	7.9
Illinois	9.0	6.2	Rhode Island	0.2	.6
Indiana	c/	2.6	South Carolina	0.0	1.4
Iowa	0.1	2.0	South Dakota	0.0	.6
Kansas	0.0	1.5	Tennessee	0.0	2.1
Kentucky	0.0	2.1	Texas	1.2	4.7
Louisiana	0.0	1.7	Utah	0.1	.4
Maine	0.0	.6	Vermont	0.0	.3
Maryland	0.7	1.3	Virginia	0.5	2.0
Massachusetts	3.5	3.5	Washington	0.1	1.3
Michigan	0.5	3.9	West Virginia	0.0	1.4
Minnesota	0.1	2.1	Wisconsin	1.3	2.4
Mississippi	0.0	1.6	Wyoming	0.0	.2
Missouri	4.9	3.0			
Montana	0.0	.4			

a/ Data submitted by Code Authority.
b/ Census of Population, 1930
c/ Less than 0.1 per cent

TABLE 17
MILLINERY INDUSTRY
Size of Establishments, Classified by Number of Wage Earners, 1929 a/

No. of Wage Earners per Establishment b/	No. of Estab-lishments	Per Cent of Total Es-tablishments	Cumulative Per Cent of Total Establishments	No. of Wage Earners c/	Per Cent of Total Wage Earners	Cumulative Per Cent of Total Wage Earners
0	5	.4	.4	0	.0	.0
1-5(inc)	305	23.6	24.0	961	3.0	3.0
6-20 "	544	42.1	66.1	6,314	19.6	22.6
21-50 "	289	22.3	88.4	9,287	28.8	51.4
101-250(inc)	101	7.8	96.2	6,989	21.7	73.1
251-500 "	41	3.2	99.4	6,017	18.7	91.8
501-1000 "	8	.6	100.0	2,638	8.2	100.0
Total	1,293	100.0		32,206	100.0	

a/ Fifteenth Census of the United States: "Manufactures, 1929" Vol. I, pp. 68-69

b/ Figures for Peak Periods.

c/ Yearly averages.

TABLE 18

MILLINERY INDUSTRY

Number of Establishments, Number of Wage Earners, and Average Number of Wage Earners per Establishment, 1927 - 1935

Year	Number of Establishments	Number of Wage Earners	Average Number of Wage Earners per Establishment
1927 a/	1,148	33,311	29
1929 a/	1,293	32,306	25
1931 b/	1,139	26,612	24
1933 b/	884	22,574	27
1935 c/	1,373	30,154	22

a/ Fifteenth Census of the United States: "Manufactures, 1929", Vol. II

b/ Census of Manufactures: 1933, "Wearing Apparel".

c/ Data submitted by Code Authority in connection with proposed Code Authority Budget. Not directly comparable with Census data.

TABLE 19

MILLINERY INDUSTRY

Mortality, by Areas, First Ten Months of 1934 a/

Area	Failures	Members of Industry in Area	Percent of Failures to Members of Industry
All areas	281	1,353	20.8
Metropolitan New York	222	926	24.0
Denver, Kansas City, St. Louis	6	58	10.3
Chicago, Minneapolis, St. Paul, & Milwaukee	18	105	17.1
Connecticut, Massachusetts and Rhode Island	4	45	8.9
Birmingham, Atlanta, Oklahoma City, Dallas and Richmond	4	35	11.4
Pacific Coast	19	115	16.5
Philadelphia and Baltimore	4	34	11.8
Detroit, Buffalo, Cincinnati, and Cleveland	4	35	11.4

a/ Data compiled from (Code Authority,) First Annual Report, January, 1935.

TABLE 20

Monthly Percentage of Retail Sales of Millinery to 1931 Total Sales of Millinery for 27 Retail Stores North of the Ohio River Between Iowa and Maine in Towns of Population of 30,000-120,000 a/

January	4.0 percent
February	4.8
March	11.7
April	14.8
May	9.8
June	10.3
July	4.8
August	3.0
September	11.9
October	9.3
November	5.5
December	5.1
	100.00 percent

a/ "Michigan Business Studies". (Via Code Authority).

TABLE 21

Seasonal in the Retail Millinery Trade;
Based on a 20 Year Survey a/

January	5.0 percent
February	7.5
March a/	12.5
April b/	10.0
May	9.0
June	7.5
July	6.7
August	5.0
September	12.5
October	9.5
November	8.3
December	6.5
	100.0 percent

a/ Millinery Trade Review: October 1930. (Via Code Authority)

b/ Easter determines the sales and the importance of the month. Combined figures for the 2 months are usually the same.

TABLE 22
MILLINERY INDUSTRY
Index of Payrolls 1926 - 1935
(1923-25 - 100) a/

	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	Average 1926-1929	Average 1930-1934	Average 1926-1934
Jan.	107.0	111.3	113.8	105.3	92.6	75.7	81.7	53.4	58.1	54.0	109.4	72.3	88.8
Feb.	114.1	118.5	126.1	115.9	104.0	86.8	83.4	58.1	71.3	58.7	118.7	81.7	98.1
Mar.	118.5	118.0	128.9	126.2	112.2	101.5	90.3	50.3	84.4	70.5	122.9	87.7	103.4
Apr.	116.9	118.6	129.1	125.1	108.2	92.9	78.4	73.2	76.9	70.0	122.4	85.9	102.1
May	105.2	112.2	115.1	110.3	94.0	75.2	55.9	59.6	67.9	48.6	110.7	70.5	88.4
June	91.8	107.5	108.3	105.2	79.2	71.0	47.3	57.0	51.5	47.2	103.2	61.2	79.9
July	89.1	100.6	93.1	85.0	63.8	66.0	38.3	45.1	37.7	30.3	92.0	50.2	68.7
Aug.	93.3	111.7	106.0	98.5	81.4	83.1	57.8	66.5	59.4	52.5	102.4	69.6	84.2
Sept.	102.2	119.8	116.6	105.2	97.1	85.3	79.8	77.2	75.5	76.1	111.0	83.0	95.4
Oct.	100.1	113.2	107.5	100.1	86.1	76.9	66.9	59.0	54.8	49.2	106.5	68.7	85.5
Nov.	99.1	113.0	102.3	85.7	72.2	68.6	50.5	47.6	45.1	34.9	100.0	56.8	76.0
Dec.	105.7	116.8	100.2	85.1	72.8	66.9	47.4	47.3	44.1	37.3	102.0	55.7	76.3
Average	103.6	113.9	112.3	104.0	88.6	79.2	65.2	57.9	60.6	52.4	108.4	70.3	87.3
Ratio of low to high	75.2	84.0	72.1	67.4	56.9	65.0	42.4	58.4	44.7	39.8	74.9	57.0	66.4

a/ Bureau of Labor Statistics.

TABLE 22 - A

ILLINOIS INDUSTRY

Index of Employment - a/

(1923-25 = 100)

	1923	1924	1925	1926	1929	1931	1932	1933	1934	1935
Jan.	101.[illegible]	10[illegible]	11[illegible].0	1[illegible]	[illegible]	[illegible]	85.7	7[illegible]	7[illegible]	62.[illegible]
Feb.	105.9	107.[illegible]	11[illegible]	1[illegible]	101.7	[illegible]	[illegible]1.2	80.1	[illegible]	66.[illegible]
Mar.	10[illegible].1	1[illegible]	117.7	1[illegible]	10[illegible]	[illegible]	83.7	77.8	[illegible]	70.[illegible]
Apr.	106.1	10[illegible]	117.[illegible]	[illegible]	10[illegible]	[illegible]	8[illegible].5	[illegible]	[illegible]	6[illegible]
May	10[illegible]	10[illegible]	111.[illegible]	10[illegible].7	95.7	[illegible].7	[illegible].7	7[illegible].7	7[illegible]	[illegible]
June	91.6	[illegible]	[illegible]	1[illegible].1	[illegible].1	7[illegible]	[illegible]	[illegible]	[illegible]	57.2
July	[illegible]	[illegible].7	[illegible]	[illegible].7	75.[illegible]	[illegible]	52.5	[illegible]	50.1	42.[illegible]
Aug.	90.1	103.1	[illegible]	[illegible].[illegible]	86.[illegible]	[illegible]	[illegible].4	80.7	[illegible]	57.[illegible]
Sept.	9[illegible].0	10[illegible]	10[illegible].9	101.[illegible]	92.[illegible]	[illegible]	[illegible]	80.[illegible]	7[illegible]	6[illegible]
Oct.	93.[illegible]	10[illegible]	101.2	[illegible]	89.7	[illegible]	85.4	77.[illegible]	68.[illegible]	[illegible]
Nov.	9[illegible].2	10[illegible]	[illegible].7	9[illegible].7	81.[illegible]	7[illegible]	71.3	67.[illegible]	59.5	50.1
Dec.	9[illegible].5	10[illegible]	[illegible].2	9[illegible]	80.2	[illegible]	66.7	[illegible]	5[illegible].9	[illegible]
Average	9[illegible].0	10[illegible]	10[illegible].7	101.3	9[illegible]	[illegible]	77.3	75.9	70.[illegible]	59.5

a/ Bureau of Labor Statistics.

TABLE 33

MILLINERY INDUSTRY

Estimated Average Weekly Payrolls in 1,000's of Dollars, First and Second Six Months' Periods, 1926-1934, with Calculated Percentages of Yearly Activity Falling in Each Period. a/

Year	Estimated Average Weekly Payroll			Percentage Total Yearly Activity		
	First Six Months	Second Six Months	Twelve Months	First Six Months	Second Six Months	Twelve Months
1926	860.3	776.1	818.2	52.6	47.4	100.0
1927	903.1	895.3	899.2	50.2	49.8	100.0
1928	949.4	823.6	886.5	53.5	46.5	100.0
1929	905.7	736.7	821.2	55.1	44.9	100.0
1930	776.9	623.2	700.0	55.5	44.5	100.0
1931	666.2	585.0	625.6	53.2	46.8	100.0
1932	558.7	409.7	483.3	57.8	42.2	100.0
1933	400.1	376.9	388.5	51.5	48.5	100.0
1934	448.1	345.9	397.0	56.4	43.6	100.0
Average	718.7	619.0	668.8	54.0	46.0	100.0

a/ Compiled from Bureau of Labor Statistics, Estimated Weekly Payroll.

TABLE 34

MILLINERY INDUSTRY

Variations in Degree of Seasonality,
By Areas - 1934
(Average Weekly Wages, by Months, Reduced
to Percentage Basis; Each Areas' Average
for Year Equals 100) a/

	New York City	New Jersey	Area II b/	Area III c/	Area IV d/	Area V e/	Area VI f/	Area VII g/	Area VIII h/
Jan.	86.5	96.8	97.2	95.3	93.6	84.3	96.5	83.1	85.4
Feb.	96.4	107.1	99.3	116.1	103.2	109.5	99.5	79.4	107.3
March	127.2	138.3	123.2	119.3	120.4	119.6	136.0	131.3	125.1
April	113.3	120.4	117.0	113.8	111.4	113.4	104.2	113.3	108.2
May	103.9	128.0	109.1	109.5	93.0	97.8	93.4	98.0	103.1
June	91.5	100.7	81.7	69.1	83.7	86.5	89.3	64.4	92.7
July	75.4	79.5	84.0	87.8	89.6	97.6	88.5	79.6	80.1
Aug.	133.5	114.3	107.3	121.8	115.0	111.4	103.7	133.4	108.9
Sept.	135.5	118.4	101.5	114.6	102.7	115.5	111.6	130.1	98.3
Oct.	91.9	81.5	96.1	75.2	103.3	97.1	100.6	110.1	104.1
Nov.	74.6	57.2	96.5	88.6	86.7	78.2	83.4	90.3	99.0
Dec.	71.3	67.9	82.1	88.9	91.4	89.1	93.3	87.0	87.8
Ratio of Low to High	52.6	57.0	63.7	57.9	72.0	65.4	61.3	48.3	64.0

a/ Compiled from data submitted by Millinery Code Authority. Data does not indicate full extent of fluctuations as weekly averages are calculated on basis of persons actually employed. Moreover, data not entirely comparable as between areas because strongly unionized markets employ device of equal division of work, thus unequally depressing average weekly wages per employee.

b/ Includes Denver, Kansas City, and St. Louis.

c/ Includes Chicago, Minneapolis, St. Paul and Milwaukee.

d/ Includes Connecticut, Massachusetts, and Rhode Island.

e/ Includes Birmingham, Atlanta, Oklahoma City, Dallas and Richmond.

f/ Includes Pacific Coast.

g/ Includes Philadelphia and Baltimore.

h/ Includes Detroit, Buffalo, Cincinnati and Cleveland.

9749

TABLE 35

Comparison of Seasonal Fluctuations In Employment, Millinery, Fur-Felt Hat, Dress Manufacturing and Men's Clothing Industries 1934 a/

	Millinery	Fur-Felt Hat	Dress Mfg.	Men's Clothing
Jan.	104.5	98.7	98.1	95.5
Feb.	119.2	103.8	105.1	105.5
March	122.5	106.0	105.2	105.9
April	118.2	106.3	107.5	101.2
May	110.7	105.8	109.2	88.8
June	81.8	93.3	89.4	91.9
July	71.2	95.9	68.0	93.2
Aug.	92.9	103.2	102.1	107.5
Sept.	107.8	104.7	110.3	108.4
Oct.	97.7	94.4	111.7	104.9
Nov.	84.2	91.3	95.5	95.9
Dec.	79.3	96.1	97.9	96.3
Ratio of Low to High	58.1	86.4	60.9	81.9

a/ Bureau of Labor Statistics, Index of Employment. Transposed to 1934 basis by author.

TABLE 26

MILLINERY INDUSTRY

Part-Time Employment, as indicated by the Relation Between the Index of Payrolls and the Index of Employment, 1934 - 1935 a/

Year and Month	Index of Employment	Index of Payrolls	Percentage Ratio of Payroll Index to Employment Index
1934			
January	66.6	46.4	69.7
February	76.0	56.9	74.9
March	78.2	67.4	86.2
April	75.4	61.5	81.3
May	70.6	54.2	76.8
June	58.5	41.1	70.3
July	45.4	30.1	66.3
August	59.3	47.4	79.9
September	68.8	60.3	87.6
October	62.3	43.7	70.1
November	53.7	36.0	67.0
December	50.6	33.2	65.6
1935			
January	56.5	43.1	76.3
February	60.2	46.9	77.9
March	65.6	56.3	88.5
April	63.1	55.9	88.6
May	55.8	38.8	69.5
June	50.0	37.7	75.4
July	37.9	24.3	64.1

a/ Bureau of Labor Statistics, Indexes of Employment and Payrolls, 1929 = 100.

TABLE 27

MILLINERY INDUSTRY

Part-Time Employment, as Indicated by the Relation Between the Index of Payrolls and the Index of Employment, 1926-1934 a/

Year	Index of Employment b/	Index of Payrolls b/	Percentage Ratio of Payroll Index to Employment Index
1926	96.7	99.6	103.0
1927	103.5	109.5	105.8
1928	104.4	107.9	103.4
1929	100.0	100.0	100.0
1930	90.1	85.2	94.6
1931	82.7	76.2	92.1
1932	77.0	58.8	80.5
1933	69.4	47.3	68.2
1934	63.8	48.3	75.7
Average			
1926-1929	101.2	104.3	103.1
1930-1934	75.8	63.2	83.2
1926-1934	87.1	81.4	91.5

a/ Bureau of Labor Statistics, Index of Employment and Payrolls 1929 = 100.

b/ Yearly averages.

TABLE 28

MILLINERY INDUSTRY

Occupational Distribution of Employees and Payrolls, by Areas, 1934

(Expressed in terms of percentages) a/

	All Employees		Blockers		Cutters		Operators		Trimmers		Others	
	Employees	Payrolls	Employees	Payrolls	Employees	Payrolls	Employees	Payrolls	Employees	Payrolls	Employees	Payrolls
United States	100.0	100.0	11.7	18.8	1.7	2.7	18.6	23.4	47.0	32.3	21.0	22.8
New York City	100.0	100.0	12.3	20.2	1.7	2.7	17.9	23.8	46.2	30.3	21.9	23.0
New Jersey	100.0	100.0	14.8	20.0	1.6	2.3	27.9	30.8	31.3	20.7	24.4	26.2
Denver, Kansas City and St. Louis	100.0	100.0	10.5	15.5	1.8	2.5	22.9	27.2	43.8	32.7	21.0	22.1
Chicago, Minneapolis, St. Paul and Milwaukee	100.0	100.0	6.2	11.6	2.4	4.3	18.4	22.9	55.8	40.6	17.2	20.6
Connecticut, Massachusetts, and Rhode Island	100.0	100.0	13.2	16.8	1.4	2.3	23.6	24.2	41.3	34.6	20.5	22.1
Birmingham, Atlanta, Oklahoma, City, Dallas and Richmond	100.0	100.0	16.1	21.1	0.6	0.7	15.3	15.5	46.8	38.0	21.2	24.7
Pacific Coast	100.0	100.0	8.2	11.5	2.5	2.9	14.9	15.9	58.5	51.3	15.9	18.4
Philadelphia and Baltimore	100.0	100.0	13.8	24.5	0.9	1.5	17.0	20.6	46.3	29.7	22.0	23.7
Detroit, Buffalo Cincinnati, and Cleveland	100.0	100.0	7.6	10.2	2.0	3.3	24.1	26.7	50.0	39.8	16.3	20.0

a/ Compiled from data submitted by Millinery Code Authority. Based on reports of approximately 60% of the Industry by volume of business.

TABLE 29

MILLINERY INDUSTRY

Seasonal Variations in Occupation Distribution of Employees and Payrolls, New York City, 1934

	Entire Year b/		January c/		March d/		July e/		September f/	
	Employees	Payrolls	Employees	Payrolls	Employees	Payrolls	Employees	Payrolls	Employees	Payrolls
All Occupations	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Blockers	12.3	20.2	8.8	10.5	10.1	18.3	14.1	20.4	14.0	30.9
Cutters	1.7	2.7	2.0	3.5	1.5	2.2	2.1	3.4	1.5	1.8
Operators	17.9	23.8	17.2	25.5	18.9	26.5	21.6	26.7	15.8	17.1
Trimmers	46.2	30.3	52.1	35.8	49.1	35.1	39.5	20.1	45.8	31.2
Factory			5.4	5.0	6.1	4.0	5.3	4.7	6.4	4.2
Office			3.0	3.2	2.9	2.1	4.1	4.7	3.2	2.3
Shipping	21.9	23.0	5.7	5.0	6.4	4.1	7.3	6.9	8.2	5.2
Foremen & Designers			5.8	11.5	5.0	7.4	6.0	13.1	5.1	7.3

a/ Compiled from data submitted by Millinery Code Authority. Total firms in market, 878.
b/ Based on reports of 435 manufacturers.
c/ Based on reports of 703 manufacturers.
d/ Based on reports of 620 manufacturers.
e/ Based on reports of 395 manufacturers.
f/ Based on reports of 400 manufacturers.

TABLE 30

MILLINERY INDUSTRY

Average Annual Wages, by Areas and Crafts, 1934 a/

	All Employees	Blocker-ers	Cutt-ers	Opera-tors	Trim-mers	Others
United States------	$1,106	$1,773	$1,764	$1,302	$762	$1,194
New York City------	1,309	1,835	1,973	1,600	794	1,273
New Jersey---------	965	1,307	1,153	1,045	659	1,032
Denver, Kansas City and St. Louis----------	904	1,330	1,303	1,060	687	933
Chicago, Minneapolis, St. Paul, and Milwaukee------	931	1,754	1,653	1,138	676	1,112
Connecticut, Massachusetts, and Rhode Island---	928	1,133	1,553	953	776	999
Birmingham, Atlanta, Oklahoma City, Dallas and Richmond--	832	1,092	1,016	845	676	966
Pacific Coast--------	930	1,310	1,070	992	816	1,071
Philadelphia and Baltimore----------	930	1,653	1,541	1,129	537	1,002
Detroit, Buffalo, Cinncinati and Cleveland----------	842	1,133	1,378	934	670	1,033

a/ Compiled from data submitted by Millinery Code Authority. Based on reports of approximately 60% of Industry by volume of business.

TABLE 31

MILLINERY INDUSTRY

Average Weekly Wages of Principal Crafts By Cities of Three or More Manufacturers, 1934 a/

	Blockers	Cutters	Operators	Trimmers
Atlanta, Ga.	$21.66	$16.[illegible]	$15.71	$12.97
Baltimore, Md.	21.33	19.74	20.18	13.85
Boston, Mass.	22.[illegible]	23.54	17.53	13.43
Buffalo, N. Y.	19.46	22.55	15.33	12.92
Chicago, Illinois	33.94	32.26	23.70	13.38
Cleveland, O.	18.73	20.80	20.81	12.09
Dallas, Tex.	18.49	13.85	17.62	12.17
Detroit, Mich.	22.25	24.96	16.35	12.28
Elizabeth, N. J.	21.84	28.79	17.37	11.87
Hoboken, N. J.	27.44	32.72	26.33	15.94
Jersey City, N. J.	23.93	36.16	20.11	10.85
Kansas City, Mo.	19.81	19.39	17.17	14.65
Los Angeles, Calif.	22.91	23.33	19.95	13.93
Milwaukee, Wis.	26.26	21.09	20.24	15.56
New York, N. Y.	35.99	37.03	29.99	14.41
Philadelphia, Pa.	24.71	35.13	23.23	9.24
Portland, Ore.	17.32	19.25	19.92	15.61
Richmond, Va.	20.83	21.75	18.22	12.66
San Francisco, Calif.	25.97	22.06	18.50	17.27
Seattle, Wash.	26.77	14.37	17.21	14.32
St. Louis, Mo.	25.67	25.05	20.53	12.33
Union City, N. J.	23.53	17.[illegible]	25.54	14.29

a/ Data submitted by Millinery Code Authority. Averages are for 52 weeks.

TABLE 32
VALUE OF PRODUCT, 1927-1933 a/

Comparison of Millinery Industry with All Other Manufacturing Industries.

Year	Millinery (Millions)	All Other Manufacturing	Percentage Ratio
1927	$209	$62,718	0.33
1929	196 b/	70,435	0.28
1931	145	41,205	0.35
1933	77	30,527	0.25

a/ Fifteenth Census of the United States, "Manufactures: 1929", Vol. II, pp. 15 and 327; Census of Manufactures: 1931, "Millinery"; Census of Manufactures: 1933, "Wearing Apparel."

b/ For 1929, manufacturers' sales, (shipments or deliveries); for 1927 and 1931, production.

TABLE 33

MILLINERY INDUSTRY

Number of Manufacturers Presenting Each Price Range for Each Season from Spring, 1929 to Spring, 1934 for New York City, Expressed in Terms of a Percentage of the Total Number for Each Season (*)

		WOMENS, MISSES, AND JUNIORS									CHILDREN						
		1 $12 each and up	2 $6 to $10 each	3 $4 and $5 each	4 $3 Each	5 $2 Each	6 $33 doz. and up	7 $30 doz. and up	8 Less than $24 doz.	9 $12 to $16.50 doz.	10 Less than $12 doz.	11 $36 doz. up	12 $24 doz. up	13 $12 to $16.50 doz	14 Less than $12 doz.		
1929S(**)	1111	1.0	13.1	4.1	10.0	22.2	3.8	.5	11.17	21.33	12.5						
1929F	793	4.2	13.7	6.0	11.8	8.6	1.9	1.5	3.7	23.8	8.6	2.6	1.9	4.3	7.2		
1930S	1022	2.3	10.6	4.6	9.9	16.6	1.3	1.3	8.5	24.3	9.2	2.0	2.7	3.0	3.8		
1930F	1336	1.7	10.6	5.2	10.6	8.9	.5	1.3	7.3	24.4	10.4	2.3	3.1	5.5	10.6		
1931S	1622	1.7	7.0	4.7	8.3	12.4	1.1	2.5	5.8	24.4	10.8	1.2	2.4	6.1	7.6		
1931F	1261	1.8	8.2	6.7	9.8	14.9	.7	1.8	5.8	27.4	10.2	.7	1.8	4.9	5.5		
1932S	1679	1.3	6.2	5.1	7.8	11.8	1.7	2.7	8.8	26.6	12.3	.7	1.7	7.1	5.9		
1932F	1573	.9	4.5	5.5	7.1	9.4	1.5	2.1	7.6	26.6	18.8	.9	2.0	7.1	6.4		
1933S	1349	1.5	5.6	6.4	8.7	9.5	1.9	2.2	5.3	25.0	20.0	.8	1.5	5.6	6.4		
(***)		$10 each and up	$6 each and up	$4 to $5 each	$36 doz. up	$24 doz. up	$30 to $33 doz.	$22.50 doz.	$15 to $18 doz.	$12 doz.	$7.50 doz. less	$36 doz up	$30 to $33 doz	$24 doz	$22.50 doz	$15 to $18 doz.	$12 doz.	$7.50 less doz.
1933F	1475	1.6	4.2	5.4	8.0	8.7	1.6	2.5	7.0	22.5	21.6	.7	.3	.8	.4	.4	2.0	5.2
1934S	1476	2.0	4.9	5.9	8.5	10.4	2.5	3.8	9.3	23.6	19.0	.4	.2	1.0	1.8	1.2	2.4	4.2

(*) Buyers Indexes of Women's Wear, Compiled by Code Authority.

(**) 1929 Spring Figures not given in separate classifications, but as a combination of Women's, Misses, Juniors and Children.

S Spring

F Fall

(***) Change in Price Ranges.

TABLE 34

MILLINERY INDUSTRY

Label Sales of Code Authority by Area and Price Range a/

	To $4.00	$4.01 to $12	$12.01 - $24	$24.01 - $48	$48.01 - $72	$72.01 up
Area 1.....	5,061,500	42,200,500	16,023,000	5,771,500	802,500	531,000
Area 2.....	233,000	1,413,000	[illegible]	[illegible]	7,500	1,500
Area 3.....	100,000	4,310,000	[illegible]	1,[illegible],500	30,000	21,000
Area 4.....	424,000	2,931,500	1,[illegible]	245,500	8,500	500
Area 5.....	0	1,215,500	1,[illegible]	426,000	6,000	500
Area 6.....	250,000	256,500	1,1[illegible]	21,500	192,000	33,500
Area 7.....	36,500	1,432,500	[illegible]	152,500	5,500	13,000
Area 8.....	0	732,[illegible]	1,01[illegible]	56,000	500	1,000
Totals.....	6,107,000	54,681,500	2[illegible]	8,743,000	1,072,500	595,000
Per Cent of Total..	5.9%	53.6%	[illegible]	8.5%	1.03%	0.79%

Total Label Sales to 12/31/3[illegible].....102,221,500

a/ Code Authority, First Annual Report, p. 29.

TABLE 35

MILLINERY INDUSTRY

Percentages Derived From Operating Statistics a/

	1927	1929	1931
Labor and Cost of Materials, containers for products, fuel and purchased electric energy. -100%			
Labor	31.1%	30.3%	31.2%
Cost of Materials, etc.	68.9%	69.7%	68.8%
Labor and Cost of Materials, containers for products, fuel, and purchased electric energy as % of Value of Products			
Labor	22.3%	21.8%	22.5%
Cost of Materials, etc.	49.4%	50.1%	49.7%
Mark-up as % of Value of Products	28.3%	28.0%	27.8%
Mark-up on Cost	39.5%	39.0%	38.5%

a/ Fifteenth Census of the United States, "Manufactures: 1929, "Vol. II.

TABLE 36

NUMBER OF WAGE EARNERS, 1927--1933 a/

Comparison of Millinery Industry with All Other Manufacturing Industries

Year	Millinery (average for year)	All Other Manufacturing	Percentage Ratio
1927	$33,311	$8,349,755	0.4
1929	32,206	8,821,757	0.4
1931	26,612	6,506,701	0.4
1933	22,574	6,055,736	0.4

a/ Fifteenth Census of the United States, "Manufactures: 1929, "Vol. II; Census of Manufactures: 1931, "Millinery;" Census of Manufactures, 1933: "Wearing Apparel."

TABLE 37

WAGES, 1927--1933 a/

Comparison of Millinery Industry with All Other Manufacturing Industries.

Year	Millinery (Millions)	All Other Manufacturing	Percentage Ratio
1927	$46.8	$10,848.8	0.43
1929	42.7	11,621.0	0.37
1931	32.6	7,153.4	0.46
1933	20.3	5,806.8	0.35

a/ Fifteenth Census of the United States, "Manufactures: 1929, "Vol. II, pp. 15 and 527; Census of Manufactures, 1931: "Millinery;" Census of Manufactures, 1933: "Wearing Apparel."

TABLE 38

MILLINERY INDUSTRY

Relationship Between Wages And Value Of Product
1927--1933 a/

Year	Wages (thousands)	Value of Products	Percentage Ratio of Wages to Value of Products
1927	$46,788	$209,495	22.3
1929	42,715	195,693 b/	21.8
1931	32,565	144,575	22.5
1933	20,313	77,347	26.3

a/ Fifteenth Census of the United States, "Manufactures: 1929", Vol.II, p. 327; Census of Manufactures: 1931, "Millinery"; Census of Manufactures: 1933, "Wearing Apparel."

b/ Figures for 1929 represent Manufacturers' sales (shipments or deliveries); for 1927 and 1931, production.

TABLE 39

MILLINERY INDUSTRY

Wages, Wage Earners, and Average Annual Wages, by States

1927-1933 a/

State	1933 Number of Wage Earners	1933 Wages (Thousands)	1933 Average Annual Wages	1931 Number of Wage Earners	1931 Wages (Thousands)	1931 Average Annual Wages	1929 Number of Wage Earners	1929 Wages (Thousands)	1929 Average Annual Wages	1927 Number of Wage Earners	1927 Wages (Thousands)	1927 Average Annual Wages
United States	22,574	$20,313	$ 900	26,612	$32,565	$1,222	32,206	$42,715	$1,326	33,311	$46,788	$1,405
New York	11,152	12,241	1,098	14,107	20,808	1,475	16,655	26,708	1,604	16,633	29,367	1,766
Illinois	3,517	2,603	740	3,400	3,363	990	3,598	4,589	1,275	4,298	5,661	1,317
California	1,244	1,105	888	1,587	1,662	1,047	2,702	2,681	992	1,958	2,010	1,027
Missouri	1,486	925	622	1,765	1,694	960	2,042	1,799	881	2,978	2,712	911
Massachusetts	980	720	735	969	893	922	1,307	1,345	1,029	1,445	1,362	943
Pennsylvania	557	370	664	1,182	1,200	1,007	1,071	1,122	1,049	982	1,060	1,079
Wisconsin	613	405	661	735	762	1,035	952	946	994	1,000	952	952
Ohio	439	267	608	420	374	890	807	792	981	950	948	998
Georgia	542	311	574	572	357	625	554	427	771	540	424	785
New Jersey	723	591	817	422	398	945	400	408	1,020	308	281	912
Texas	468	250	534	482	307	637	397	338	851	391	240	614
Washington	93	61	656	175	156	891	268	251	937	222	223	1,005
Minnesota	64	37	578	86	72	837	161	134	832	359	307	855
Iowa	b/	b/	b/	b/	b/	b/	158	137	867	169	139	822
Indiana	b/	b/	b/	b/	b/	b/	189	117	619	217	199	917
Connecticut	b/	b/	b/	b/	b/	b/	95	98	1,032	b/	b/	b/
Oregon	b/	b/	b/	65	58	893	130	123	946	b/	b/	b/
Utah	b/	b/	b/	50	52	1,004	102	71	696	b/	b/	b/
Other States	698	426	610	595	409	687	618	629	1,016	861	903	1,050

a/ Fifteenth Census of the United States. "Manufactures: 1929," Vol. II, pp. 327-28; Census of Manufactures: 1931, "Millinery"; Census of Manufactures: 1933, "Wearing Apparel."

b/ Included in "Other States."

TABLE 40

MILLINERY INDUSTRY

Sales, Wages, and Employment, 1933-1934
(Percentages of Increase or Decrease) a/

Area	Dollar Sales	Unit Sales	Wages	Employment
All Areas	11.4	4.2	17.2	5.7
Metropolitan New York (Including New Jersey)	11.3	3.4	17.7	12.3
Denver, Kansas City, and St. Louis	16.0	12.	25.6	3.9 (Decrease)
Chicago, Minneapolis St. Paul and Milwaukee	11.5	7.0	16.3	2.0 "
Connecticut, Massachusetts, and Rhode Island	16.2	7.2	13.9	11.5 "
Birmingham, Oklahoma City, Atlanta, Dallas and Richmond	19.1	12.6	21.1	15.7 "
Pacific Coast	9.5	5.5	8.2	11.4 "
Baltimore and Philadelphia	7.9	4.4	2.2	7.5 "
Detroit, Buffalo, Cincinnati and Cleveland	4.6 (Decrease)	13.0 (Decrease)	4.2	24.7 "

a/ Millinery Code Authority, First Annual Report.

TABLE 41

MILLINERY INDUSTRY

Average Hourly Wages,
1933--1935
(Cents) a/

	1933	1933	1934	1935
January	47.6	30.7	49.6	59.9
February	46.1	31.2	52.3	60.4
March	42.6	34.5	56.9	63.0
April	47.8	4[illegible].9	56.8	65.8
May	44.4	38.7	55.2	60.6
June	42.2	41.1	53.7	62.4
July	46.9	38.5	53.5	55.1
August	48.1	43.6	61.6	59.1
September	40.8	47.7	65.4	58.0
October	47.1	48.6	61.7	55.6
November	39.3	48.9	59.1	59.0
December	40.7	48.5	57.3	58.1
Averages				
First 3 mo.	[illegible]	36.2	54.1	62.0
Second 6 mo.	43.1	43.3	60.3	57.5
Year	45.2	41.2	57.2	59.8

a/ Bureau of Labor Statistics, unpublished data.

TABLE 42

MILLINERY INDUSTRY

Average Weekly Wages, 1926-1935
(Dollars) a/

	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935
January	22.20	23.25	22.54	22.55	22.41	20.16	19.83	15.43	18.39	20.22
February	22.44	23.86	23.30	23.44	23.50	21.35	20.57	14.96	19.27	20.37
March	23.26	24.53	23.81	24.72	23.70	23.37	19.98	13.36	21.83	23.29
April	22.81	23.37	23.73	23.48	23.65	22.30	18.99	17.47	20.84	23.94
May	21.38	23.44	22.91	22.87	21.94	19.45	16.09	15.75	19.10	18.84
June	21.73	24.06	22.98	23.32	20.21	18.94	15.13	15.18	17.76	20.92
July	21.64	22.24	22.06	21.29	19.04	18.82	14.96	14.09	17.37	17.18
August	21.94	23.62	23.46	22.79	21.39	21.08	17.25	17.46	20.94	21.45
September	23.12	24.36	24.31	23.14	23.85	21.01	19.52	20.43	23.13	26.80
October	22.99	24.29	23.33	22.74	21.76	19.39	16.03	17.12	19.17	19.01
November	22.21	22.79	22.64	21.23	19.73	18.40	14.58	16.02	17.74	16.62
December	22.77	22.81	23.06	21.52	20.15	18.38	14.72	16.01	17.94	17.24
Average	22.37	23.58	23.18	22.76	21.83	20.30	17.30	16.11	19.46	20.49

a/ Bureau of Labor Statistics, unpublished data.

TABLE 43

MILLINERY INDUSTRY

Average Man Hours Per Week,
1932-1935 a/

	1932	1933	1934	1935
January	42.2	43.4	34.9	32.6
February	43.0	45.6	35.7	32.3
March	45.7	41.9	36.8	34.1
April	42.5	42.9	35.5	35.9
May	38.8	44.0	33.6	28.7
June	38.3	43.1	30.3	30.4
July	35.9	44.2	31.2	29.3
August	37.6	40.0	32.2	34.0
September	44.8	39.6	33.7	40.1
October	40.6	35.7	29.9	32.9
November	37.8	35.2	28.9	27.4
December	35.1	34.2	29.9	27.8
Average	40.0	40.7	32.7	32.2

a/ Bureau of Labor Statistics, unpublished data

TABLE 44

MILLINERY INDUSTRY

Percentage Of Direct And Indirect
Labor Costs To Sales, 1934 a/

	Direct Labor b/ Costs	Indirect Labor c/ Costs	Total Labor Costs
Metropolitan New York, including Northern New Jersey	22.02%	6.16%	28.18%
Denver, Kansas City, and St. Louis	20.66	5.37	26.03
Chicago, Minneapolis, St. Paul, and Milwaukee	24.34	6.01	30.65
Connecticut, Massachusetts, and Rhode Island	22.46	5.54	28.00
Richmond, Atlanta, Dallas, Oklahoma City and Richmond	16.94	5.51	22.46
The Pacific Coast	24.24	5.47	29.71
Philadelphia and Baltimore	21.60	6.43	28.03
Detroit, Buffalo, Cincinnati, and Cleveland	24.37	5.92	30.29
Average	22.12	5.80	27.92

a/ Code Authority, First Annual Report, P. 11.
b/ "Direct Labor" includes blockers, cutters, operators, and trimers.
c/ "Indirect Labor" includes factory, office, shipping, foremen, and designers.

9749

II. METHODOLOGICAL APPENDIX

II. METHODOLOGICAL APPENDIX

Sources.

The principal source from which this study is based is the author's personal knowledge of the industry gained through his part in formulating and administering its Code. Other important sources include the statistical data compiled by the Code Authority and kindly made available to the author by Messrs. Hever and Bioshie (see "Acknowledgements"); The Millinery Industry: A Survey, by E. R. A. Seligman (this study was financed by the Code Authority and published by it in mimeograph form in 1934); several unpublished papers on various industry problems prepared by the Code Authority; and the NRA millinery files. The discussion of style is based largely on Professor Nystrom's Economics of Fashion and Fashion Merchandising. Other sources are indicated in the text.

Suggestions for Further Research.

The greatest deficiency of the present study lies in its failure to treat adequately the industry's maladjustment in its raw material and distributive relationships. This failure is due partly to the scarcity of reliable data and partly to the fact that the full implications of the maladjustment did not become apparent until the study was completed. By all odds, the most fruitful field for further research lies along these lines. (See brief statement of problem in "Summary.")

The discussion of the industry's labor relations leaves much to be desired. It had originally been planned to outline in some detail the history of the millinery union, and to treat comprehensively the subjects of collective bargaining, determination of wage rates, operation of arbitrative machinery, structure of the union, administration of union affairs, etc. The success of labor relations in this industry more than warrants the thoroughness of the original plan. The preparation of this phase of the study was entrusted to Mr. Joseph E. Brodinsky, formerly of the NRA Labor Advisory Board. Completion of Mr. Brodinsky's work, however, was made impossible by a personnel reduction in December, 1935. Fortunately, he plans to embody the results of his research in a publication which he will issue privately.

Finally, attention is called to the great store of statistical data contained in the files of the Code Authority. Limitations of time and personnel have made it impossible in the present study to make full use of this material. As a part of its compliance activities, for instance, the Code Authority received periodical payroll reports from every member of the industry. Tabulation of this material alone would produce extremely valuable results. Other data there on file would allow of a comprehensive survey of practically every phase of the industry's problems.

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

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, Conditional 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

Legal Studies

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 these studies follows:

Automobile Manufacturing Industry
Automotive Parts and Equipment Industry
Baking Industry
Boot and Shoe Manufacturing Industry
Bottled Soft Drink Industry
Builders' Supplies Industry
Canning Industry
Chemical Manufacturing Industry
Cigar Manufacturing Industry
Coat and Suit Industry
Construction Industry
Cotton Garment Industry
Dress Manufacturing Industry
Electrical Contracting Industry
Electrical Manufacturing Industry
Fabricated Metal Products Mfg. and Metal Finishing and Metal Coating Industry
Fishery Industry
Furniture Manufacturing Industry
General Contractors Industry
Graphic Arts Industry
Gray Iron Foundry Industry
Hosiery Industry
Infant's and Children's Wear Industry
Iron and Steel Industry
Leather Industry
Lumber and Timber Products Industry
Mason Contractors Industry
Men's Clothing Industry
Motion Picture Industry
Motor Vehicle Retailing Trade
Needlework Industry of Puerto Rico
Painting and Paperhanging Industry
Photo Engraving Industry
Plumbing Contracting Industry
Retail Lumber Industry
Retail Trade Industry
Retail Tire and Battery Trade Industry
Rubber Manufacturing Industry
Rubber Tire Manufacturing Industry
Shipbuilding Industry
Silk Textile Industry
Structural Clay Products Industry
Throwing Industry
Trucking Industry
Waste Materials Industry
Wholesale and Retail Food Industry
Wholesale Fresh Fruit and Vegetable 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:

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.

9768—6.