

**NATIONAL RECOVERY ADMINISTRATION****CODE OF FAIR COMPETITION**

FOR THE

**UNDERWEAR AND ALLIED PRODUCTS
MANUFACTURING INDUSTRY**

AS APPROVED ON SEPTEMBER 18, 1933

BY

PRESIDENT ROOSEVELT

1. Executive Order of President Roosevelt
2. Report of Administrator
3. Text of Code

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1933

NATIONAL RECOVERY ACTING BODY

CODE OF FAIR COMPETITION

THE ACT

UNDERWEAR AND ALLIED PRODUCTS

MANUFACTURING INDUSTRY

AS AMENDED BY CONGRESS IN 1938

BY

FRANKLIN ROOSEVELT



U. S. DEPARTMENT OF COMMERCE

OFFICE OF THE SECRETARY

WASHINGTON, D. C.



RECEIVED

DEPARTMENT OF COMMERCE

WASHINGTON, D. C.

EXECUTIVE ORDER

CODE OF FAIR COMPETITION FOR THE UNDERWEAR AND ALLIED PRODUCTS MANUFACTURING INDUSTRY

An application having been duly made, pursuant to and in full compliance with the provisions of Title I of the National Industrial Recovery Act, approved June 16, 1933, for my approval of a Code of Fair Competition for the Underwear and Allied Products Manufacturing Industry, and hearings having been held thereon and the Administrator having rendered his report containing an analysis of the said Code of Fair Competition together with his recommendations and findings with respect thereto, and the Administrator having found that the said Code of Fair Competition complies in all respects with the pertinent provisions of Title I of said act and that the requirements of clauses (1) and (2) of subsection (a) of Section 3 of the said act have been met.

NOW, THEREFORE, I, Franklin D. Roosevelt, President of the United States, pursuant to the authority vested in me by Title I of the National Industrial Recovery Act, approved June 16, 1933, and otherwise, do adopt and approve the report, recommendations, and findings of the Administrator and do order that the said Code of Fair Competition be and it is hereby approved, subject to the following condition:

(1) That all manufacturers included within the provisions of Part I, Section 1(c) of the Code be granted a stay of fourteen (14) days after the effective date thereof, during which period they may show cause to the Administrator why they should not be included under the provisions of such Section.

FRANKLIN D. ROOSEVELT.

Approval recommended:

HUGH S. JOHNSON,
Administrator.

THE WHITE HOUSE,
September 18, 1933.

(III)

NATIONAL RECOVERY ADMINISTRATION

To the President:

INTRODUCTION

This is a report of the hearing on the Code of Fair Practice for the Underwear and Allied Products Industry in the United States, conducted in Washington on August 10th and 11th, 1933, in accordance with the provisions of the National Industrial Recovery Act:

The following exhibits are included and attached:

1. Final Code Submitted
2. Notice of Hearing
3. By-laws of the Underwear Institute
4. Statement of Procedure
5. List of Witnesses
6. Transcript of the records
7. Statistical Analysis by Research and Planning Division

In the conduct of the hearing every person who had filed a request for an appearance was freely heard in public, and all statutory and regulatory requirements were complied with.

The code which is attached was presented by duly qualified and authorized representatives of the industry, and complies with the statutory requirements, as representing fully seventy-five percent of the knitting and sewing machinery in the Underwear and Allied Products Industry.

I. INDUSTRY NOW OPERATING UNDER EXECUTIVE ORDER

"Pursuant to the authority vested in me by Title I of the National Industrial Recovery Act, approved June 16, 1933, and pending action upon a Code of Fair Competition to be presented by the Underwear and Allied Products Industry,

"I agree with the Industry Committee, representing the manufacturers of knitted, woven and all other types of underwear and/or allied products, including garments made in underwear mills from fabric made on underwear machines and including any and all fabrics sold and/or used for underwear purposes made on flat or warp or circular knitting machines, whether as a final process or as a part of a larger or further process, pending the approval of a code of fair competition for the Industry, that they shall be bound, beginning July 24, 1933, by the provisions of the Cotton Textile Industry Code, as set forth in their letter of July 19, 1933, signed by the Members of the Industry Committee, offering this agreement to the President of the United States, pursuant to Section 4 of the National Recovery Act, and addressed to General Hugh S. Johnson, Administrator, agreement is subject to cancellation at any time without notice.

FRANKLIN D. ROOSEVELT."

JULY 21, 1933.

The Underwear Industry has been operating under the above Executive Order since July 21, 1933. The definitions as contained in the Executive Order have been changed in the Code herewith presented.

The underwear manufacturers included under the Executive Order but excluded from the Code are preparing their codes for presentation to the Administration before September 1st.

It is understood that upon the effective date of the Code of Fair Competition for the Underwear and Allied Products Manufacturing Industry as herewith presented, this code should supersede the provisions of the above Executive Order for all those included in the definitions of said Code.

II—DEFINITIONS OF THE INDUSTRY

The Code of Fair Competition originally presented by the Underwear Institute in behalf of the Underwear and Allied Products Manufacturing Industry included the manufacturers of all types of underwear.

It became evident during the Hearing that the underwear industry in its entirety could not be included in the definitions of the Code of Fair Competition presented by the Underwear Institute.

Accordingly, the branches of the industry listed below were excluded, with the approval of all present at the Public Hearing, from being bound under the code herewith presented:

1. Lingerie undergarments manufactured in the Philippines or Porto Rico from woven fabrics.

The type of garment manufactured in the above-mentioned localities is of such a type that it is not in direct competition with similar products manufactured in the United States. The labor conditions in these localities are not comparable to the labor conditions in the United States.

2. Infants' and Children's underwear and leggings, other than knitted cotton, and woven cotton so-called "athletic type."

As the above-mentioned division of the underwear industry is so closely allied with the manufacture of other children's garments, it is essential that they be included under a code of fair competition for the infants' and children's wear industry.

In Part I, Par. 1, Subpar. i, provisions are made so that when a code of fair competition for the infants' and children's wear industry is adopted that this type of underwear manufacture shall be included under the terms and provisions of such code to be adopted.

3. Manufacture of fabrics sold or used mainly for underwear purposes made on circular knitting machines.

This type of fabric which is largely made of rayon is included in the code of fair competition for the underwear and allied products industry herewith presented.

It is recommended that a stay of fourteen days be granted to all manufacturers that may be defined under Part I, Par. 1, Sub-par. c, for the purpose of determining whether or not this type of manufacturer should be included as a part of the Underwear and Allied Products Industry.

III—LABOR PROVISIONS

The labor provisions in this code are substantially the same as the labor provisions in the code for the Cotton Textile Industry.

It is clearly evident that the labor conditions should be substantially the same as many of the underwear manufacturers spin their own yarn on the same premises that these yarns are knitted into or converted into underwear either partially or wholly finished.

To establish any difference in the minimum wage or the working hours for employees in the manufacture of underwear would cause difficulty in the labor conditions.

It is therefore recommended that these provisions be made as outlined in Part II of the code.

IV—MACHINE HOURS

Sufficient evidence was submitted substantiating the adoption of one 40-hour shift for sewing machines, and two 40-hour shifts for knitting machines.

The only objection filed was made by Mr. William Hilleary, representing an underwear establishment located in a small town. The limitation of machine hours would necessitate unemployment in this instance, but the employment situation as a whole will not be affected by any limitation of machine hours.

V—REGISTRATION OF MACHINERY

The Code as approved by the industry at the close of the Hearing contained the following provision:

“On and after the effective date all persons engaged or engaging in the Industry shall register with the Industry Committee each unit of their productive machinery. Upon recommendation by the Industry Committee the Administrator may require that prior to the installation of additional productive machinery by persons engaged or engaging in the Industry, except for the replacement of a similar number of existing machines, such persons shall secure from the Administrator a certificate that such installation will be consistent with effectuating the policy of the National Industrial Recovery Act during the period of the emergency, and the Administrator may grant or withhold such certificate.”

With due thought and consideration I have changed this provision to read:

“On and after the effective date all persons engaged or engaging in the Industry shall register with the Industry Committee each unit of their productive machinery.”

for the reason that I firmly believe such restrictive measures should have more careful consideration before becoming a provision of a Code of Fair Competition.

VI—ADMINISTRATION

The provisions for administration of this code are capable of providing the Administration and the Underwear and Allied Products Industry with sufficient data to make recommendations for the elim-

ination of certain provisions in the code as herewith presented and/or the addition of further provisions to this code which would be beneficial to the industry as a whole.

VII—UNFAIR TRADE PRACTICE

The provisions for unfair trade practices contained in this code should, to a great degree, correct certain evils that have existed and that have developed in the industry.

It is recommended that a careful study be made by the administrative body of the code as to the immediate results of the fair practice provisions of the code.

Provisions for furthering the adoption of standards in the underwear industry will go a long way toward correcting some of the major evils now existing.

* * * * *

In this application for the approval of this code, it is stated that the applicants confidently believed their membership to include more than 75% of the productive capacity of the entire underwear field, as follows:

"The following is a tabulation of the estimate of number of mills in each of the Groups which are covered by the "Code of Fair Competition for the Underwear and Allied Products Manufacturing Industry" and the number of such mills, in each group, which are members of the Underwear Institute:

	Estimated Number of Mills	Number of Members	Percent Production
Knit Retail Group.....	22	22	} 95
Knit Jobbing Group.....	167	135	
Silk and Rayon Group.....	227	68	65.23
Woven Group.....	66	60	84.36
Sweater Group.....	36	33	80
Warp Knit Fabric Group.....	32	26	98
Knit Elastic Group.....	27	20	80
Knit Work Glove Fabric Group.....	6	5	80
Beef Tubing and Stockinette Group.....	7	4	80
Knit Cotton Wash Cloths and Novelties Group.....	2	2	-----

I find that:

(a) the code complies in all respects with the pertinent provisions of Title I of the Act, including, without limitation, subsection (a) of Section 7, and subsection (b) of Section 10 thereof; and that

(b) the Underwear Institute imposes no inequitable restrictions on admission to membership therein and is truly representative of the Underwear and Allied Products Industry; and that

(c) the Code is not designed to promote monopolies or to eliminate or oppress small enterprises and will not operate to discriminate against them, and will tend to effectuate the policy of Title I of the National Industrial Recovery Act.

Further, that the provisions of the code will result in a substantial increase in wages, and that there will be employed in the industry a greater number of persons than to be found in any peak period of operation.

VIII

The Code provides for wage scales and maximum hours of work for all employees as well as those engaged in process operations.

VIII—CONCLUSION

For the first time in the history of the Underwear Industry the majority of concerns in the manufacture of underwear and allied products combined and formed an association known as the Underwear Institute.

In the formation of this Institute it became evident at the outset that a certain branch of the underwear industry was unwilling to become a part or be known as a part of the underwear industry. This particular branch is known as the manufacturers of circular knit rayon fabrics. They were not present at the Hearing and previous to the Hearing did not attend any of the meetings held by the underwear committee in formulating their code. It was not until the close of the Hearing that a brief was filed by the majority of manufacturers of the circular knit rayon fabrics claiming exemption from the provisions of the underwear code. Their contention was that they are a separate industry.

To facilitate the passage of the Code they agreed to acknowledge the code, provided they be granted a stay exempting them from the provisions of the code for a period of 14 days in which time they should show cause why they should be classed as a separate industry.

The only other dissenting factor at the Hearing was a representative of a small mill claiming the limitation of machine hours would force him to dismiss one third of his workers, as he does not have sufficient capital to add more machines. As the majority of concerns in the underwear industry requested the limitation of machine hours, it is deemed advisable that this limitation remain in the Code with a possibility that in certain instances they might request exemption from certain provisions by submitting their plea for exemption to the underwear industry committee.

The Code as originally presented at the Hearing was changed considerably before the termination of the Hearing, and the proponents of the original Code readily accepted the changes.

All divergencies, except as stated, have been harmonized in the provisions as presented.

Accordingly, I hereby recommend the approval of the Code of Fair Competition for the Underwear and Allied Products Manufacturing Industry.

Respectfully submitted.

HUGH S. JOHNSON, *Administrator.*

CODE OF FAIR COMPETITION FOR THE UNDERWEAR AND ALLIED PRODUCTS MANUFACTURING INDUSTRY

To effectuate the policy of Title I of the National Industrial Recovery Act, the following provisions are established as a Code of Fair Competition for the Underwear and Allied Products Manufacturing Industry.

PART I—DEFINITIONS

1. The term "Underwear and Allied Products Manufacturing Industry" (hereinafter referred to as the Industry) as used herein is defined to mean the manufacture of—

(a) Knitted, woven, and all other types of underwear manufactured from all types of materials, with the exception of women's undergarments (other than so-called athletic type), pajamas, and negligees made from woven fabrics of silk, rayon, cotton, or flannel-ette, or of any combination thereof, and also excepting women's, children's, and infant's lingerie undergarments manufactured in the Philippines or Puerto Rico from woven fabrics;

(b) Garments made in underwear mills from fabric made on underwear machines, excepting, however, the cutting and fabricating of shirts other than undershirts, provided, however, that the manufacture of fleece-lined sweat shirts and other garments of like nature are not included in this exception;

(c) Any and all fabrics sold or used mainly for underwear purposes made on flat or warp or circular knitting machines;

(d) Knitted elastic fabrics;

(e) Knitted tubing for meat bagging;

(f) Knitted work-glove fabrics;

(g) Knitted fabrics made for leggings; and

(h) Knitted wash cloths:

(i) *Provided, however,* That any person manufacturing infants' and children's underwear and leggings, other than knitted cotton and woven cotton, so-called, "athletic type" underwear, may elect to operate under the provisions of such Code of Fair Competition for the Infants' and Children's Wear Industry as may hereafter be approved by the President of the United States; pending the approval of such Code of Fair Competition for the Infants' and Children's Wear Industry such persons operating under the President's Reemployment Agreement may continue to operate under said Agreement, and such persons not operating under the President's Reemployment Agreement shall operate under the provisions of this Code.

2. The term "Employers" as used herein shall include all persons who employ labor in the conduct of any branch of the Industry.

3. The term "Employees" as used herein shall include all persons employed in the conduct of any branch of the Industry.

4. The term "Productive Machinery" as used herein is defined to mean knitting machines and/or sewing machines used in the Industry.

5. The term "Knitting Machines" as used herein shall include all types thereof which have a part in the process of the manufacture of underwear and allied products as defined in paragraph 1 above.

6. The term "Sewing Machine" as used herein shall include all types of sewing machines used in the manufacture of products as defined in paragraph 1 above.

7. The term "Effective Date" as used herein is defined to be the second Monday after approval by the President of the United States of this Code.

8. The term "Persons" as used herein shall include natural persons, partnerships, associations, corporations, and trusts, including trustees in bankruptcy and receivers.

9. The term "Mills" as used herein shall include all places where any of the kinds of manufacture defined in paragraph 1 takes place.

10. The term "Institute" as used herein shall mean the Underwear Institute, located at 203 Union Trust Building, Washington, D.C.

11. The term "Industry Committee" as used herein shall mean the Underwear and Allied Products Manufacturing Industry Committee provided for in Part IV of this Code.

12. The term "Act" as used herein shall mean the National Industrial Recovery Act and all amendments thereto, and the term "Code" shall mean this and/or subsequent and/or supplemental codes and amendments thereto.

13. The term "Secretary" as used herein shall mean the Secretary of the Institute.

14. The term "Learner" as used herein shall mean an employee engaged in any process in the Industry requiring skilled labor with less than eight (8) weeks' experience in the same or any comparable process.

15. The term "Privileged Employee" shall mean one who by reason of proven physical or mental infirmity is not able to do the minimum amount of work usually done by employees in his classification of work.

PART II—LABOR

1. *Prohibition of Child Labor.*—On or after the effective date of this Code, employers shall not employ any minor under the age of sixteen (16) years.

2. *Elimination of Home Work.*—No part of the process of the manufacture of the underwear and/or allied products covered by this Code shall take place in the home premises or living quarters of any person. The purpose of this provision is to prohibit the distribution by any person governed by this Code of products or materials to anyone for home work.

3. *Regulation of Hours of Work.*—(a) On and after the effective date, employers in the Industry shall not operate on a schedule of hours of labor for their employees—except office and supervisory staff, repair-shop crews, engineers, electricians, firemen, machine

fixers, shipping, watching, cleaners, and outside crew—in excess of forty (40) hours per week.

(b) On and after the effective date the maximum hours of labor of repair-shop crews, machine fixers, engineers, electricians, and watching crews in the Industry, shall, except in the case of emergency work, be forty (40) hours a week with a tolerance of 10 percent. Any emergency time in any mill shall be reported monthly to the Institute.

(c) On and after effective date the maximum hours of labor for office employees in the Industry shall be an average of forty (40) hours a week over each period of one month.

(d) Until adoption of further provisions of this Code that may prove necessary to prevent any improper speeding up of work (stretch outs), no employee shall be required to do any work in excess of the practices as to the class of work of such employee prevailing on July 1, 1933, or prior to the Share the Work Movement, unless such increase is submitted to and approved by the Industry Committee created by the Code and by the Administrator.

(e) These provisions for maximum hours establish a maximum of hours of labor per week *for every employee* covered, so that under no circumstances will such an employee be employed or permitted to work for one or more employers in the industry in the aggregate in excess of the prescribed number of hours in a single week.

4. *Minimum Wage Rates.*—(a) On and after the effective date, the minimum wage that shall be paid by employers in the industry to any of their employees—except to learners, privileged employees, cleaners, and outside crews—shall be at the rate of \$12.00 per week when employed in the Southern section of the Industry and at the rate of \$13.00 per week when employed in the Northern section for forty (40) hours per week of labor. Learners shall be paid at the standard piece-work rate, but in no event shall be paid less than \$8.00 per week.

The States of Virginia, Tennessee, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Arkansas, Texas, Louisiana, Oklahoma shall constitute the Southern section of the Industry. Other states and the District of Columbia shall constitute the Northern section.

(b) The amount of difference existing prior to the effective date between the wage rates paid various classes of employees receiving more than the established minimum wage shall not be decreased; and in no event shall any employer pay any employee a wage rate which will yield a less wage for a work week of forty (40) hours than such employee would have received for the same class of work for the longer week of forty eight (48) hours or more prevailing prior to the effective date. It shall be a function of the Industry Committee to observe the operation of these provisions and recommend to the Administrator such further provisions as experience may indicate to be appropriate to effectuate their purposes.

(c) The provisions for a minimum wage in this Code establish a guaranteed minimum rate of pay per hour of employment regardless of whether the employee's compensation is otherwise based on a time rate or upon a piece-work performance.

(d) Cleaners, outside workers, and privileged employees combined shall not exceed eight (8) percent of the total employees; they shall receive not less than seventy-five (75) percent of the minimum wage provided for ordinary employees in Clause (a) above and when working on a piecework basis shall receive the standard piecework rate for the particular operation performed.

5. *General Regulations.*—Employers shall comply with the requirements of Section 7 (a) of Title I of the National Industrial Recovery Act as follows:

(a) Employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection.

(b) No employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing.

(c) Employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment, approved or prescribed by the President.

PART III—MACHINE-HOURS

1. No sewing machine shall be operated for more than one (1) shift of forty (40) hours per week.

2. No knitting machine shall be operated for more than two (2) shifts of forty (40) hours each per week.

PART IV—ADMINISTRATION

1. To effectuate further the policies of the Act, an Underwear and Allied Products Manufacturing Industry Committee is hereby set up to cooperate with the Administrator as a planning and fair practice agency for the Underwear and Allied Products Manufacturing Industry. This Committee shall consist of six representatives of the Underwear and Allied Products Industry, duly elected by the members of the Underwear Institute, and three members without vote appointed by the President of the United States. The Industry Committee may from time to time present to the Administrator recommendations based on conditions in the Industry as they may develop from time to time which will tend to effectuate the operation of the provisions of this Code and the policy of the National Industrial Recovery Act. Such recommendations, when approved by the Administrator, shall have the same force and effect as any other provisions of this Code.

(a) The Industry Committee shall cooperate with the Administrator in making investigations as to the functioning and observance of any provisions of this Code, at its own instance or on complaint by any person affected, and shall report the results of said investigations to the Administrator.

(b) The Industry Committee may make specific recommendations to the Administrator for changes in or exemptions from the pro-

visions of this Code as to the working hours of machinery which will tend to preserve a balance of productive activity with consumption requirements, in order properly to serve the interests of the industry and of the public.

(c) The Industry Committee may also investigate and inform the Administrator on behalf of the Industry as to the importation of competitive articles into the United States in substantial quantities or in increasing ratio to domestic production on such terms or under such conditions as to render ineffective or seriously to endanger the maintenance of this Code and may act as an agency for making complaint to the President on behalf of the Industry, under the provisions of the National Industrial Recovery Act, with respect thereto.

2. With a view to keeping the President informed as to the observance or nonobservance of this Code of Fair Competition, and as to whether the Underwear and Allied Products Industry is taking appropriate steps to effectuate the declared policy of the National Industrial Recovery Act, each person engaged in the Industry shall furnish duly certified reports in substance as follows and in such form as may be provided by the Industry Committee:

(a) *Wages and Hours of Labor*.—Returns every four weeks duly certified showing actual hours worked by the various occupational groups of employees and minimum weekly rates of wages.

(b) *Machinery Data*.—Returns every four weeks duly certified showing the number of knitting and/or sewing machines in place, the number of such machines actually operated each week, the number of shifts, and the total number of machine hours each week for each of the above types of machine.

c. *Production Data*.—Returns every four weeks duly certified showing, in terms of the unit commonly used by the various branches of the Industry affected, e.g., linear yards, pounds, pieces, or dozens, the following: 1, production; 2, stocks on hand ((a) sold, (b) unsold); 3, new orders; 4, unfilled orders.

The Underwear Institute, 203 Union Trust Building, Washington, D.C., is hereby constituted the agency to collect and receive such reports. The Industry Committee may from time to time, subject to the approval of the Administrator, modify the nature of these reports.

3. On and after the effective date all persons engaged or engaging in the Industry shall register with the Industry Committee each unit of their productive machinery.

4. Each person shall file with the Secretary of the Institute promptly upon its issuance each and every price list, duly certified by a proper executive, showing all prices of the respective merchandise of the respective person, and all terms, including cash and quantity discounts and allowances of every description and conditions pertaining to transportation charges or allowances applying thereto, and shall likewise promptly notify the Secretary as to any and all changes in such prices, terms, discounts, and allowances not covered by price lists. Such price lists and notices shall be filed by the Secretary for reference, and shall be available for inspection only by the Secretary or the Administrator, or their duly authorized

representatives. Nothing in this paragraph shall be construed to nullify or modify any other provision of this Code.

5. All persons and agencies thereof shall be charged with the keeping of all records required to be kept by the provisions of this Code in such manner that an inspection of them shall show readily and easily whether or not the provisions of this Code have been or are being violated.

6. Any employer may participate in any activities of the Underwear Institute and in the preparation of any revision of, or additions or supplements to, this Code by assuming the proper pro rata share of the cost and responsibility of creating and administering it, either by becoming a member of the Underwear Institute or by paying to it an amount equal to the dues from time to time provided to be paid by a member in like situation of the Underwear Institute.

7. Subject to the approval of the Administrator, there shall be established and maintained by each person engaged in the Industry methods of cost finding approved by the Industry Committee.

PART V—GENERAL PROVISIONS

1. No person shall manufacture or contract for the manufacturing of underwear or allied products in penal or other institutions not conforming to hours and standards required by this Code. Underwear or allied products produced in such institutions shall not be merchandized or sold in such a manner as to create unfair competition under this Code.

2. All standards already formulated in cooperation with the Bureau of Standards of the United States Department of Commerce and approved by the Industry or standards which shall be so formulated and approved shall become the standards for the Industry. All merchandise manufactured after the effective date shall be plainly and visibly marked by an indelible stamp or firmly sewn label "substandard", where such merchandise comes below the minimum standards. Every manufacturer shall plainly mark with an indelible stamp or firmly sewn label the sizes of measurements of his product thereon. However, any merchandise manufactured prior to the date of adoption of a standard for such merchandise shall not, in any case, be classified as "substandard" merchandise, and the Secretary shall notify all known interested persons in the Industry of each new standard adopted and the effective date thereof.

3. Where the costs of executing contracts entered into in the Industry prior to the presentation to Congress of the National Industrial Recovery Act are increased by the application of the provisions of that Act to the Industry, it is equitable and promotive of the purposes of the Act that appropriate adjustments of such contracts to reflect such increased costs be arrived at by arbitral proceedings or otherwise, and the Industry Committee, the applicant for this Code, is constituted an agency to assist in effecting such adjustments.

4. This Code and all the provisions thereof are expressly made subject to the right of the President, in accordance with the provision of Clause 10 (b) of the National Industrial Recovery Act,

from time to time to cancel or modify any order, approval, license, rule or regulation, issued under Title I of said Act, and specifically to the right of the President to cancel or modify his approval of this Code or any conditions imposed by him upon his approval thereof.

5. Such of the provisions of this Code as are not required to be included herein by the National Industrial Recovery Act, may with the approval of the President, be modified or eliminated if it appears that the public needs are not being served thereby and as changes in circumstances or experience may indicate. They shall remain in effect unless and until so modified or eliminated or until the expiration of the Act. It is contemplated that from time to time supplementary provisions to this Code or additional codes will be submitted for the approval of the President to prevent unfair competition in price and other unfair and destructive competitive practices and to effectuate the other purposes and policies of Title I of the National Industrial Recovery Act.

6. The Underwear Institute, the applicant for this Code, shall impose no inequitable restriction upon admission to membership.

PART VI—UNFAIR TRADE PRACTICES

To effectuate the purposes of the National Industrial Recovery Act, persons engaged in this Industry shall comply with the following trade practices, and violation of any of them shall be construed as an act of unfair competition:

1. In order to prevent destructive price cutting in the Industry no person shall sell any merchandise at less than its "reasonable cost" except as to defective goods known in the trade as "Irregulars", "Imperfects", or "Seconds", which, when sold, shall be plainly and visibly so marked on each garment and invoiced, and except as to goods discontinued from the line of the respective person, and therefore no longer to be manufactured by such person, sold at a discount price as "close outs" and so designated in the sale and the invoicing thereof, provided, however, that the Institute shall submit to the Administrator, within six months after the effective date of this Code, a plan for regulating the disposal of distress merchandise in a way to secure the protection of the owners and to promote sound and stable conditions in the Industry. The Industry Committee shall, subject to the approval of the Administrator, define "reasonable cost" for the purposes of this Code and determine upon a basis to be uniform among the persons of this Industry as the character of the items to be included in such "reasonable cost."

2. Standards terms shall be 2/10 E.O.M. or net 60 days. Invoices on and after the 25th of the month shall be as of the first of the following month. Maximum rate of anticipation shall be 6 percent per annum. Closer terms shall not be prohibited. The building up of prices to take care of greater discounts than 2 percent shall be prohibited. These terms shall become effective on the effective date of this Code, except as to shipments against orders booked prior to the effective date of this Code.

3. No person shall affix to any merchandise, or to the packaging thereof, fictitious resale price tickets, or other resale price indication, which may make it appear to the buying public that the actual resale price charged by the ultimate seller is lower than the supposed standard as indicated by such fictitious resale price indication. No person shall sell on consignment basis, directly or indirectly, or grant rebates to any customer, or enter into any secret selling conditions with any customer. No person shall allow the equivalent of secret rebates or secret discounts in the way of advertising or other allowances. No person shall accept and pay for, or make credit allowances for, goods returned for other causes than fault or error of the seller.

4. Regular number, i.e., "Firsts", shall not be marked "Seconds", or so sold. Misrepresentation or misbranding of merchandise is an unfair trade practice. No person shall enter into any form of special remuneration of employees of a customer to encourage such employees to push the sale of such person's merchandise to the detriment of competitors. No person shall enter into any false or misleading advertising. No person shall imitate the trade marks, trade names, and/or trade slogans of competitors.

PART VII—MONOPOLIES

This Code shall not in any way permit monopolies or monopolistic practices.

