

**NATIONAL RECOVERY ADMINISTRATION**

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**CODE OF FAIR COMPETITION**

**FOR THE**

**NEEDLEWORK INDUSTRY**

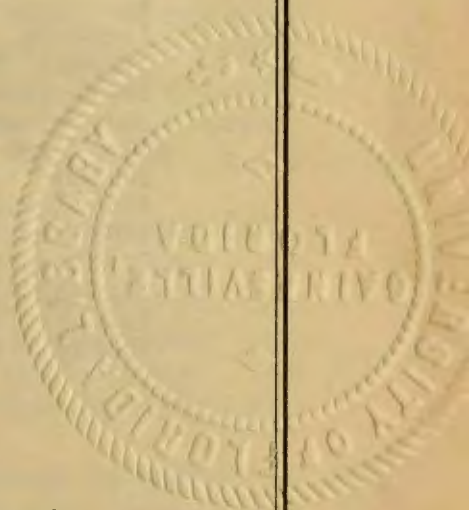
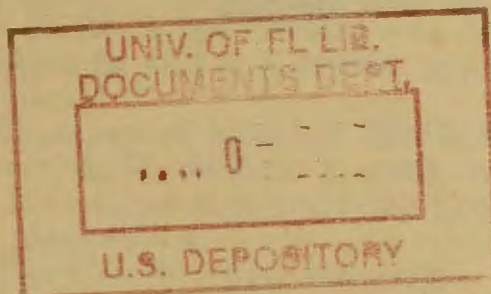
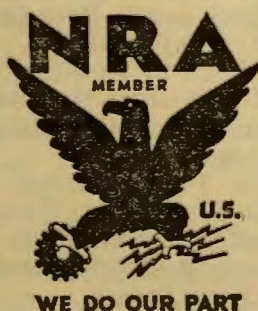
**IN**

**PUERTO RICO**

**AS APPROVED ON JUNE 28, 1934**

**BY**

**PRESIDENT ROOSEVELT**



**UNITED STATES**  
**GOVERNMENT PRINTING OFFICE**  
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Approved Code No. 474

**CODE OF FAIR COMPETITION**  
**FOR THE**  
**NEEDLEWORK INDUSTRY IN PUERTO RICO**

**As Approved on June 28, 1934**

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**EXECUTIVE ORDER**

**CODE OF FAIR COMPETITION FOR THE NEEDLEWORK INDUSTRY IN PUERTO RICO**

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 Needlework Industry in Puerto Rico, and hearings having been held thereon and the Administrator having rendered his report containing an analysis of this Code of Fair Competition, together with his recommendations and findings with respect thereto, and the Administrator having found that this 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 this Code of Fair Competition be and it is hereby approved, subject to the following conditions:

(1) That any member of this Industry as defined in this Code under Article II, Section 1, shall in engaging in this industry in Puerto Rico be exempt from the provisions of the following Codes of Fair Competition:

- (a) The Handkerchief Industry.
- (b) The Dress Manufacturing Industry
- (c) The Cotton Garment Industry
- (d) The Blouse and Skirt Manufacturing Industries
- (e) The Light Sewing Industry Except Garments
- (f) The Art Needlework Industry
- (g) The Infants' and Children's Wear Industry



- (h) The Undergarment and Negligee Industry
- (i) The Underwear and Allied Products Manufacturing Industry
- (j) The Pleating, Stitching and Bonnaz and Hand Embroidery Industry

(k) The Schiffli, the Hand Machine Embroidery and the Embroidery Thread and Scallop Cutting Industries.

(2) Where articles are manufactured or processed, in part, in Puerto Rico, under the provisions of this Code, and in part in the Continental United States under a Code of Fair Competition which prescribes the use of labels bearing N.R.A. insignia upon such articles, the Code Authorities of such Codes and the Code Authority of this Code shall, within a period of sixty days from the effective date of this Code, formulate and submit for the approval of the Administrator a plan for the issuance and use of labels upon such articles, and such special regulations relating thereto as may be necessary. Pending the approval of such plan and regulations, unless the Administrator shall order otherwise, continental manufacturers, as defined in this Code, shall not be required to comply with the label provisions of their respective Continental Codes as to products manufactured or processed, wholly or in part, in Puerto Rico, and bearing labels affixed to them pursuant to the provisions of this Code.

(3) That any contractor or manufacturer as defined in this Code, in the manufacture or processing or whose products homeworkers are engaged as employees, shall be bound to pay such employees any deficiency in the wages actually received by them below the amount of wages which they should receive under the provisions of this Code. Such contractor or manufacturer shall be responsible for the delivery to such homeworkers of all their wages.

(4) That there shall be appointed by the Administrator for the Industrial Recovery, within ten (10) days after the effective date hereof, a Puerto Rican Needlework Commission consisting of three persons: one of whom shall be nominated by the Code Authority for the Needlework Industry in Puerto Rico, another of whom shall be nominated by the several Code Authorities of related industries in continental United States, and a third person to serve as chairman, shall be nominated by the National Recovery Administration. This commission shall study the operation of this Code together with the operation of such codes as have jurisdiction over the manufacture of competitive products in the United States with a view to determining the relative effect of the operation of this Code upon the manufacture of such items in the several States and in Puerto Rico. Such Commission shall be empowered to make recommendations to the Administrator for such modifications in this Code as may, in the opinion of the commission, be necessary in order to maintain fair competition in the needlework trade in the several States and on the Island of Puerto Rico and in order to effectuate the purposes of the National Industrial Recovery Act.

(5) That the choice of the impartial chairman of the Piece Rates Commission, shall be subject to the approval of the Administrator and that the piece rates established pursuant to the provisions of Section 5 of Article IV of the code shall be binding upon members of the Industry, for not more than a period of ninety days, from the



effective date of this code. The Needlework Commission and the Piece Rates Commission shall, either jointly or severally, within ninety days after the effective date of this Code, recommend the continuation of said established minimum piecework rates or changes in such rates, or recommend a point system or other system for adjusting the minimum compensation of employees to the minimum wage rates provided in this Code. Such recommendations shall, upon approval of the Administrator, after such notice and hearing as he may prescribe, be binding upon all members of the Industry, as the rates provided for in said section.

FRANKLIN D. ROOSEVELT.

Approval recommended.

HUGH S. JOHNSON,  
*Administrator.*

THE WHITE HOUSE,  
*June 28, 1934.*

## LETTER OF TRANSMITTAL

The PRESIDENT,  
*The White House.*

SIR: This is a report on public hearings and conferences held for the purpose of obtaining a Code of Fair Competition for the Needlework Industry in Puerto Rico.

On January 30, 1934, thirty-five days after the Deputy Administrator for Puerto Rico had arrived on the Island, the Puerto Rican Needlework Association submitted a code of fair competition. Following preliminary conferences held at San Juan during the months of January and February, a public hearing was held in the San Juan Municipal Theatre on February 28 and on March 1. This hearing was attended by approximately seventy-five members of the industry and about 1800 representatives of labor. The San Juan hearing was later re-convened in Washington to afford mainland manufacturers an opportunity to be heard. At the Washington hearing there were present representatives of the code authorities of the affected industries. All of those who requested an appearance were fairly heard in accordance with the usual requirements of the National Recovery Administration.

### THE PUERTO RICO NEEDLEWORK ASSOCIATION

The Puerto Rican Needlework Association which acted as sponsor of this code is the recognized needlework trade association in Puerto Rico and represents in excess of 90 per cent of the volume of the business and of the membership of the Puerto Rican Needlework Industry.

The experience of these members, under Code Authority direction, should prove invaluable in code administration, particularly in protecting the interests of homeworkers.

### NATURE OF THE NEEDLEWORK INDUSTRY IN PUERTO RICO

The Needlework Industry is the second largest in Puerto Rico, employing approximately 7,000 workers in 85 or more factories. Although no precise figures are available, it is estimated that there are more than 70,000 homeworkers, about 25,000 of whom live adjacent to towns, within easy access of the factories, while the remaining 45,000 live well inland. The industry is located primarily in or near the towns of Mayaguez, Ponce, Arecibo, Aguadilla, Guayama and San Juan, although homeworkers are employed throughout the Island.

The Needlework Industry in Puerto Rico is relatively new, having grown up during the last twenty years. It began to attain volume production when mainland chain stores undertook the distribution of dresses, handkerchiefs, linens, underwear, and other hand-orna-



mented articles. Relatively speaking, however, the development of the industry has been rapid, considering its obstacles and handicaps.

The members of the industry manufacture or process a great variety of articles which would come principally under seven of the apparel codes approved for the United States, including handkerchiefs, infant's, children's and women's wear, cotton and silk undergarments, blouses, linens, bridge sets, tablecloths, napkins, bedspreads and pillows.

Practically all Puerto Rican garments carry drawn work or hand embroidery, found on few articles of like nature made on the mainland. These hand embellished garments may be otherwise of the same type as mainland products—though in finished appearance they more nearly resemble articles from the Philippines, China, the Madeira Islands, Belgium or France, with which countries they compete.

The outstanding feature of the Puerto Rican Needlework Industry is that few of its members are specialists. Some members of the industry, it is true, have preferences. For example, one company may prefer to deal in handkerchiefs, but, given the opportunity, will quite readily divert its facilities to the processing of any other article which appears to be profitable. Thus during the several seasons of the year, a company might be engaged in several different phases of needlework production, depending largely upon market requirements.

If each branch of the Puerto Rican Needlework Industry were given a separate code or brought under the mainland code for that article or articles, each member of the industry would find himself operating under continually changing conditions with respect to wages and hours and other conditions of employment. This explains the existence of a single trade association in Puerto Rico and the submission of one code covering all its needlework trades.

The Needlework Industry on the Island is dependent upon orders from the States for work to be performed upon linen from Ireland, silk from Japan or China, or cotton from the mainland. These materials usually are issued by the manufacturer, wholesaler or jobber who has a sales organization on the mainland to distribute products processed in Puerto Rico.

The selling prices of the products are not regulated by mainland prices alone; buyers, in an effort to obtain new and attractive products, have open to them the factories of other countries—the most notable competitors to Puerto Rico being the Philippine Islands, China, the Madeira Islands, France, Belgium and Ireland. If the prices of Puerto Rican products are raised excessively it well may be that buyers will be quickly driven to the factories of other nations for sources of supply.

Puerto Rico views the anticipated burden of restricted hours and increased wages with apprehension, which is in no wise relieved by the prospect of continued uncertainty as to the regulations under which the industry will operate or when they will go into effect. The industry is young—its management is of the first generation—and its capital and experience is limited. With the exception of fulfilling contracts now in effect operations are decidedly curtailed, since the industry has no way of knowing how to plan for the future. In effect, its hands are tied. In fairness to itself, it can effect no



future contracts until a decision is reached upon the proposed code. In the meantime, manufacturers in the Philippines, in China and elsewhere, suffering no such handicap, are profiting at the expense of Puerto Rican industry and labor. In a somewhat modified sense this is true also of manufacturers in the United States.

#### HOURS AND WAGES

The average working week for employees in the Needlework Industry in Puerto Rico has been approximately 48 hours. Industry on the Island is seasonal to some extent as it is on the mainland. There is, however, one factor on the Island which does not exist on the mainland, i.e., the fact that goods are manufactured for shipment to the mainland and that shipments are made only once each week. This frequently necessitates working far into the night. To correct this practice it is provided in the code that all overtime shall be paid for at double the regular rate.

The reduction from 48 to 40 hours per week under the code will increase employment approximately  $16\frac{2}{3}$  per cent, and wages approximately 20 per cent.

Measured by American standards, Puerto Rican wages always have been low. Factory machine workers, now paid on an average of \$3.32 per week of 48 hours, are to receive a minimum of \$5.00 for 40 hours, representing an increase of 50.6 per cent, which, with the added 20 per cent increase in wages resulting from the  $16\frac{2}{3}$  per cent decrease in hours, will amount to a total increase of about 70 per cent. It should be noted that the \$3.32 figure is an average, not a minimum wage. The present wage, which is indeterminate, would be much lower and the percentage of wage increase under the code correspondingly higher. Even greater benefits will accrue to home machine workers who, under the code, will likewise receive this \$5.00 minimum.

Factory hand sewing and hand embroidery workers, normally paid in the average case from \$2.00 to \$2.10, are to receive \$3.00 per week, an increase of 46.3 per cent, which, plus the 20 per cent increase from shortened hours, will amount to about 66 per cent.

No accurately representative rates of payment have been determined for homeworkers. The Commissioner of Labor for Puerto Rico and labor representatives in the Territory indicate that about three persons work on the same product in one home; that each of the three is engaged on this needlework for 60 to 70 hours a week; that the three, in the aggregate, earn about \$1.00.

The code provides that no employee engaged in home work shall be paid less than \$2.00 per week. It is provided further that there shall be established immediately upon approval of the code a Piece Rates Commission, consisting of one member representing labor, one member representing industry and a chairman agreeable to both interests, which commission shall devote itself to the time study of home work production in an endeavor to fix adequate and equitable piece work rates, which in no event shall yield less than \$2.00 per week.

If this plan functions properly and if conditions in the home are as heretofore stated, three persons in one home could no longer be



paid a pittance amounting to \$1.00 in the aggregate for 60 to 70 hours' work, but would receive instead \$6.00 or more for 40 hours work. This would represent a tremendous increase of over 500 per cent and should be of great moral as well as financial benefit to the homeworkers.

#### THE HOME WORK PROBLEM

Second only to agriculture comes needlework, which gives the womenfolk opportunity to supplement the family income, while caring for the aged and infant in the home. Most rural families live rent free, with parcels of land thrown in upon which they can raise whatever they like—without having to divide with the landlord. With agriculture as the basis, needlework helps to sustain the family earnings—in some cases supplying the main source of income.

Much of the home work is done under conditions closely parallel to those of the subsistence homestead.

Hand home work in Puerto Rico represents a much greater portion of the total volume of production than it does in the United States.

The Code does not propose the elimination of home work but rather its control and regulation, with a view to bringing the hours and wages and working conditions of homeworkers up to a standard which will provide both fair competition with factory production and enable the homeworkers to enjoy a better standard of living. It is anticipated that a certain percentage of the work now done in homes may, within a reasonable time, be transferred to community workrooms. The approval of this code will make possible a beginning of work toward this end.

#### SPECIAL PROVISIONS SUGGESTED BY LABOR

Island industry has granted to Puerto Rican labor nearly everything that it has asked, as hereafter shown, except the minimum wage requested by labor. The reason this was not granted was the fear that it would reduce the volume of business sent to the Island, thus reacting against rather than in favor of insular labor.

The following provisions were included at the request of labor:

Article III-1: Labor desired that the 48 hour minimum be reduced to 40 hours; this was done.

Article III-3: Labor wished it stipulated that no overtime should be worked unless all machines and/or tables of that same type were occupied; this was granted.

Article III-3: Labor requested that double the normal wage be paid for overtime; the industry agreed.

Article III-4: Labor requested that the exemption for managers and executives be fixed at \$12.00 instead of the \$10.00 figure proposed by the industry; this was done.

Article IV-5: Labor requested that homeworkers and their compensation be regulated; the Piece Rates Commission was provided for to serve this end.

Article IV-7: Labor wanted a guarantee that employees receiving above the code minimum for the normal work week prior to its



adoption should not have their wages reduced for the shorter work week provided in the Code; this section gives that guarantee.

Article IV-8: Labor wished it made mandatory that all piece rates for factory employees should be increased at least proportionately to the decrease in hours worked, to further insure employees against a possible lowering of wages by their employers; industry concurred.

Article V-7: Labor asked that the use of sewing machines in the home be abolished. This could not be granted on account of the number of poor people engaged in operating their own machines at home for their livelihood. It was arranged, however, that labor would permit home sewing only on machines commercially utilized prior to April, 1934, provided that work thereon should be paid for at the factory scale and that all homeworkers, machine owners and machines should be registered with the Code Authority.

Article V-8: Labor desired to see the number of homeworkers reduced if possible and suggested the Community Workroom Plan as a means to that end. This section provides for a commission to study and make recommendations on the feasibility of this or an alternate plan.

Article VI-1: In accordance with labor's request, no member of the industry may cause any goods to be manufactured or processed in any factory not registered with the Code Authority.

Article VI-2: Labor asked that members of the industry causing goods to be manufactured by contractors or sub-contractors should be required to pay rates sufficient to enable such contractors or sub-contractors to pay their employees the minimums provided in the code. The industry is so obligated under the code.

Article VII-8 (h): Upon the request of the Labor Advisory Board and the Research and Planning Division, registration is provided for all contractors, sub-contractors, delivery agents, and homeworkers.

It appears from the above sections that the Needlework Industry in Puerto Rico has made a conscientious effort to collaborate with labor in its attempt to improve working and living conditions on the Island.

#### COMPLIANCE

A Compliance organization has been recently set up at San Juan and is prepared to function on this code the moment it is approved.

#### FINDINGS

The Deputy Administrator, in his final report to me on said code, having found as herein set forth and on the basis of all the proceedings in this matter,

I find that:

(a) The code will promote the policies and purposes of Title I of the Act, in that it will provide the first effort at regulation of an industry which has suffered severely through drastic and at times unwarranted competition.

(b) The Puerto Rican Needlework Industry normally employs more than 50,000 workers, and is classified by me as a major industry.



(c) The code complies in all respects with the pertinent provisions of Title I of the Act, including without limitation sub-section (a) of Section 3, sub-section (a) of Section 7, and sub-section (b) of Section 10, thereof; and that the applicant association is an industrial association truly representative of the aforesaid industry; and that the said association imposes no inequitable restrictions to membership therein.

(d) The code is not designed to and will not permit monopolies or monopolistic practices.

(e) Those engaged in other steps of the economic process have not been deprived of the right to be heard prior to the approval of this Code.

I recommend approval subject to the following condition:

That there shall be appointed by the Administrator for Industrial Recovery, within ten days after the effective date hereof, a Puerto Rican Needlework Commission consisting of three persons: one of whom shall be nominated by the Code Authority for the Needlework Industry in Puerto Rico, another of whom shall be nominated by the several code authorities of related industries in continental United States, and a third person, to serve as chairman, shall be nominated by the National Recovery Administration.

This commission shall study the operation of this code together with the operation of such codes as have jurisdiction over the manufacture of competitive products in the United States with a view to determining whether the operation of this code is such as to encourage the manufacture of products on the Island of Puerto Rico and to discourage the manufacture of such items within the several states. Such commission shall be empowered to make recommendations to the Administrator for such modifications in this code as may, in the opinion of the commission, be necessary in order to maintain fair competition in the needlework trades in the several states and on the Island of Puerto Rico and in order to effectuate the purposes of the National Industrial Recovery Act.

Respectfully,

HUGH S. JOHNSON,  
*Administrator.*

JUNE 28, 1934



# CODE OF FAIR COMPETITION FOR THE NEEDLEWORK INDUSTRY IN PUERTO RICO

## ARTICLE I—PURPOSES

To effectuate the policy of Title I of the National Industrial Recovery Act, this Code is established as a Code of Fair Competition for the Needlework Industry in Puerto Rico, and its provisions shall be the standards of fair competition for such industry and shall be binding upon every member thereof.

## ARTICLE II—DEFINITIONS <sup>1</sup>

1. The term "Industry" as used herein includes the manufacturing and processing, including sewing, wholly or in part, within the Territory of Puerto Rico, of articles having drawn work and/or embroidery done upon them by machine and/or by hand including the business of contracting with reference thereto.

2. The term "Employee" as used herein includes anyone engaged in the industry in any capacity receiving compensation for his services irrespective of the nature or method of such compensation, except a member of the industry.

3. The term "Employer" as used herein includes anyone by whom any such employee is compensated or employed.

4. The term "Member of the Industry" as used herein includes but without limitation, any individual, partnership, association, corporation, or other form of enterprise engaged in the industry as above defined, either as an employer or on his or its own behalf, whether as manufacturer, contractor or sub-contractor.

5. The term "Manufacturer" as used herein includes any individual, partnership, association, corporation, or other form of enterprise, operating his or its own factory, work room, shop, or other manufacturing establishment in the Territory of Puerto Rico.

6. The term "Continental-Manufacturer" includes, but without limitation, any individual, partnership, association, corporation, or other form of enterprise selling at wholesale to customers located elsewhere than in Puerto Rico products of the Industry manufactured and/or processed from materials in part supplied by him or it.

7. The term "Contractor" includes, but without limitation, any individual, partnership, association, corporation or other form of enterprise which contracts to manufacture and/or process in the Territory of Puerto Rico products of the Industry for a manufacturer or continental manufacturer.

8. The term "Sub-contractor" includes, but without limitation, any individual, partnership, association, corporation or other form

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<sup>1</sup> See paragraph 2 (1) of order approving this Code.



of enterprise which contracts to manufacture, in whole or in part in the Territory of Puerto Rico products of the Industry, for a contractor or sub-contractor in Puerto Rico.

9. The term "President", "Act", and "Administrator", as used herein, mean respectively the President of the United States, Title I of the National Industrial Recovery Act and the Administrator for Industrial Recovery.

### ARTICLE III—HOURS

1. No employee shall be permitted to work in excess of forty (40) hours in any one week or eight (8) hours in any twenty-four (24) hours period, except as hereinafter provided.

2. No office employee, chauffeur, shipping and/or stock clerk or watchman shall be permitted to work in excess of forty-four (44) hours in any one week.

3. The maximum number of hours of overtime which any employee may be permitted to work in any calendar year shall not be in excess of seventy-two (72) hours. In no event shall any employee be permitted to work more than two (2) hours overtime in any day or more than six (6) hours overtime in any week. All overtime shall be paid for at not less than twice the normal wage rate. Overtime for any particular manufacturing process shall only be permitted if all available machines and/or tables of that same type are occupied. Machines or tables temporarily vacant on account of sickness or absence of an employee shall not be construed to be vacant for this provision.

The Code Authority shall be notified in writing at least one day in advance of the use of overtime by any member of this industry, and such notification shall contain a statement of the need for overtime and the manner in which it will be utilized.

4. The provisions of this Article shall not apply to persons engaged in a managerial or executive capacity who earn not less than \$12.00 per week.

5. No employer shall knowingly permit any employee to work for any time which, when added to the time spent at work for another employer or employers (in this industry or otherwise) exceeds the maximum permitted herein.

### ARTICLE IV—WAGES <sup>2</sup>

1. No employee shall be paid in any pay period less than at the rate of \$5.00 per week except as hereinafter provided.

2. No employee engaged in a factory doing hand sewing or embroidery shall be paid in any pay period less than at a rate of three dollars (\$3.00) per week.

3. No employee engaged in work in a home shall be paid less than at a rate of Two Dollars (\$2.00) per week.

4. Apprentices, not to exceed five percent (5%) of the total number of employees in any factory, may be employed in factories

<sup>2</sup> See paragraph 2 (3) of order approving this Code.



and shall be paid not less than sixty per cent (60%) of the minimum wage herein established during the first six (6) weeks of their employment in the industry, and not less than eighty per cent (80%) of the minimum wage herein established, during the second six (6) weeks of their employment in the industry. No employer shall knowingly employ as an apprentice any person who has been employed in the industry for a total period of time exceeding twelve (12) weeks. Apprentices shall be paid at the piecework rate paid regular piecework employees in the same factory for the same class of work, provided compensation based upon such rate is greater than that herein provided.

5. There shall be established immediately upon the adoption of this Code a Piece Rates Commission, which commission shall consist of one member appointed by the Code Authority, one labor member appointed by the Administrator and the two members shall then choose an impartial chairman.<sup>3</sup>

Such Piece Rates Commission shall establish, within thirty (30) days after the effective date of this Code, minimum piece work rates that shall be paid to all employees engaged in hand work at home, basing such rates on a minimum rate of pay of \$2.00 per week, and in every case such piece work rates shall be established on actual study of the time necessary for the average employee to produce each article. Minimum piece work rates when established by the Piece Rates Commission shall be binding upon all members of the industry until such time as said rates are revised or changed. Such rates, however, shall at all times be subject to change on review by the Administrator.<sup>4</sup>

6. This Article established minimum rates of pay which shall apply irrespective of whether or not the employee is actually compensated on a time rate, piece rate or other basis.

7. No employee shall receive a lesser rate of pay than is required to provide the same weekly earnings as were received for that class of work for the four weeks ending April 30, 1934.

8. All piece rates for employees engaged in any factory shall be increased at least proportionately for the decrease in hours worked, to provide not less than the same weekly earnings for employees engaged on a piece work basis under the maximum hours herein established as were received for that class of work for the longer week prevailing for the four weeks ending April 30, 1934.

9. Female employees performing substantially the same work as male employees shall be paid the same rate of pay as male employees.

10. A person whose earning capacity is limited because of age or physical or mental handicap may be employed on light work at a wage below the minimum established by this Code if the employer obtains from the proper Insular Authority, a certificate authorizing his employment at such wages and for such hours as shall be stated in the certificate. Each employer shall file monthly with the Code Authority a list of all such persons employed by him, showing the wages paid to, and the maximum hours of work for such employee.

<sup>3</sup> See paragraph 2 (5) of order approving this Code.

<sup>4</sup> See paragraph 2 (4) of order approving this Code.



## ARTICLE V—GENERAL LABOR PROVISIONS

1. No person under sixteen (16) years of age shall be employed in the industry. No person under eighteen (18) years of age shall be employed at operations or occupations which are hazardous in nature or detrimental to health. The Code Authority shall submit to the Administrator not later than sixty (60) days after the effective date hereof, a list of such operations or occupations. An employer shall be deemed to have complied with this provision as to age if he shall have on file a certificate or permit duly issued by the Authority in Puerto Rico empowered to issue employment or age certificates or permits showing that the employees are of the required age.

2. (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, and

(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.

3. No employer shall reclassify employees or duties of occupations performed or engage in any other subterfuge so as to defeat the purposes or provisions of the Act or of this Code.

4. No provisions in this Code shall supersede any law of Puerto Rico which imposes more stringent requirements on employers as to age of employees, wages, hours of work, or as to safety, health or sanitary conditions or insurance, or fire protection, or general working conditions, than are imposed by this Code.

5. Each member of the industry shall be furnished by the Code Authority with official copies of the provisions of this Code relating to hours of labor, rates of pay, and other conditions of employment.

Such official copies of such provisions shall contain directions for filing complaints of violations of such provisions, and shall be kept conspicuously posted at all times by such members of the industry in each shop, establishment or separate unit, to the extent necessary to make them freely accessible to all employees. Whenever any modification of, or exemption or exception from this Code permits any person to pay lower wages or work his employees longer hours, or establish conditions of employment less favorable to his employees than those prescribed by the provisions of this Code, the Code Authority, at the request of such person, shall furnish him with certified copies of such modifications, exemptions, or exception in sufficient number for posting alongside of such official copies of Code provisions.

No member of the Industry shall display or furnish any incorrect copies of such provisions, directions, modification, exemptions or exception. Copies of these labor provisions shall be printed both in English and Spanish.



6. Every employer shall provide for the safety and health of employees during the hours and at their places of employment. Standards of safety and health shall be submitted by the Code Authority to the Administrator within six months after the effective date of this Code.

7. No member of the Industry shall allow any stamping, cutting, washing, pressing, folding, ribboning, ticketing or machine sewing in a home on products of this Industry. Members of the Industry may, however, employ workers who have been employed at machine sewing in homes during the year immediately preceding the approval of this code, to do machine sewing at home on those machines owned by home workers as of the date of approval of this Code upon which they have theretofore done such machine sewing, provided every such home worker is registered with the Code Authority, and provided further that the machine used by such home worker is registered with the Code Authority as provided for in Article VII, Section 8 (i) of this Code. All work done in homes on sewing machines must be paid for at a rate not less than the rate for similar work done in the factory and in no case at less than a rate of \$5.00 per week of forty (40) hours.

8. The Administrator shall appoint a Commission, on or after the effective date of this code, to study the Community Work Room plan, and if that plan is not adjudged to be feasible to propose an alternate plan the object of which shall be to take from homes to Community Work Rooms or Factories as many home workers as practicable. The Commission shall report its findings on the Community Work Room or alternate plan within ninety (90) days after its first meeting.

#### ARTICLE VI—CONTRACTORS

1. No member of the industry shall cause any goods to be manufactured or processed in any factory not registered with the Code Authority in accordance with regulations to be issued by the Code Authority subject to the approval of the Deputy Administrator.

2. All members of the Industry causing any goods to be manufactured by contractors or sub-contractors shall pay to such contractor or sub-contractor for such products, rates at least sufficient to enable such contractor or sub-contractor to pay their employees working on such goods the minimum wage provided for by this Code and all such payments received by such contractor or sub-contractor shall be first applied in the payment of wages to the employee working on such goods.

3. No member of the Industry shall accept any goods to be manufactured or processed from any continental manufacturer unless such continental manufacturer shall pay an amount sufficient to enable such member of this industry to pay to his employees the rates of pay as established by this Code.

4. The Administrator may request the Code Authority to study the problem of jobber-contractor and contractor sub-contractor relationships. The Code Authority shall make recommendations to the Administrator regarding the establishment as part of this Code, of such rules and regulations as will tend to stabilize the relationship between jobbers and contractors and contractors and sub-



contractors and further effectuate the purposes of this Act and of this code, which recommendations upon the approval of the Administrator and after such notice and hearing as he may prescribe, shall become effective as part of this Code.

## ARTICLE VII—ADMINISTRATION

### ORGANIZATION, POWERS AND DUTIES OF THE CODE AUTHORITY

1. A Code Authority is hereby established consisting of:

(a) Thirteen (13) representatives or such larger number as may be approved from time to time by the Deputy Administrator for the Territory of Puerto Rico, to be selected as hereinafter provided.

(b) Such additional members, without vote, not to exceed three (3), as the Administrator may appoint to represent such groups or such interests or such governmental agencies and for such periods as he may designate.

2. Four (4) members of the Code Authority representing the Industry shall be selected from those members of the Industry whose chief product is handkerchiefs; two members from those whose chief product is silk underwear; two members from those whose chief product is ladies' cotton underwear; two members from those whose chief products are women's and children's dresses; and two members from those whose chief products are table and fancy linens. The manner of selecting such Code Authority members shall be governed by such plan of procedure as may be proposed by the Code sponsors to the Deputy Administrator within thirty (30) days after the effective date hereof and thereafter approved by the Deputy Administrator.

3. Each trade or industrial association directly or indirectly participating in the selection or activities of the Code Authority shall: (1) impose no inequitable restrictions on membership, and (2) submit to the Administrator true copies of its articles of association, by-laws, regulations and any amendments when made thereto, together with such other information as to membership, organization and activities as the Administrator may deem necessary to effectuate the purposes of the Act.

4. In order that the Code Authority shall at all times be truly representative of the Industry and in other respects comply with the provisions of the Act, the Administrator may provide such hearings as he may deem proper; and thereafter, if he shall find that the Code Authority is not truly representative or does not in other respects comply with the provisions of the Act, may require an appropriate modification of the Code Authority.

5. Nothing contained in this Code shall constitute the members of the Code Authority partners for any purpose. Nor shall any member of the Code Authority be liable in any manner to anyone for any act of any other member, officer, agent or employee of the Code Authority. Nor shall any member of the Code Authority be liable to anyone for any action or omission to act under the Code, except for his own wilful malfeasance or non-feasance.



6. If the Administrator shall determine that any action of the Code Authority or any agency thereof may be unfair or unjust or contrary to the public interest, the Administrator may require that such action be suspended to afford an opportunity for investigation of the merits of such action and further consideration by the Code Authority or agency pending final action, which shall not be effective unless the Administrator approves or unless he shall fail to disapprove after thirty (30) days notice to him of intention to proceed with such action in its original or modified form.

7. The Code Authority shall obtain from members of the Industry such information and reports as are required for the administration of the Code. In addition to the information required to be submitted to the Code Authority members of the Industry shall furnish such statistical information as the Administrator may deem necessary for the purposes recited in Section 3 (a) of the National Industrial Recovery Act to such United States and Puerto Rico Government agencies as he may designate, provided that nothing in this Code shall relieve any member of this industry of any existing obligations to furnish reports to any Government agency.

8. Subject to such rules and regulations as may be issued by the Administrator, the Code Authority shall have the following powers and duties in addition to those authorized by other provisions of this Code:

(a) To insure the execution of the provisions of this Code and to provide, subject to rules and regulations established by the Administrator, for the compliance by the members of the Industry with the provisions of the Act: Provided, however, that this shall not be construed to deprive duly authorized Government agencies of their power to enforce the provisions of this Code or the Act.

(b) To adopt by-laws and rules and regulations for its procedure and for the administration of the Code.

(c) To obtain through a confidential agency from members of the Industry periodical reports in such form and at such times with respect to wages, hours of labor, conditions of employment, number of employees, and such other matter pertinent to the purposes of this Code as the Code Authority, with the approval of the Administrator, may require for the administration of this Code, and to submit reports to the Administrator in such form and at such times as he may require in order that the President may be informed as to the observance or non-observance of the Code and to further effectuate the policies of the Act.

The confidential agency shall be in no way engaged in the industry nor connected with any member thereof, and all reports received by it shall be held as secret and confidential, except that they shall be made available to the Administrator.

Such agency shall analyze, digest, and consolidate such reports and shall disclose only general findings based thereon. Such general findings shall be made available to the Code Authority and such members of the Industry as have assented to this Code.

(d) To use such trade association and other agencies, including the Piece Rates Commission, as it deems proper for the carrying out of any of its activities provided for therein, and to pay such agencies



the cost thereof; provided, that such agencies shall at all times be subject to and comply with the provisions of this Code; and provided further, that nothing herein shall relieve the Code Authority of any of its duties and responsibilities thereunder.

(e) To make recommendations to the Administrator for the coordination of the administration of this Code with such other codes, if any, as may be related to or affect members of this industry.

(f) To recommend to the Administrator any action or measures deemed advisable, including further fair trade practice provisions to govern members of the Industry in their relations with each other or with other industries; measures for industrial planning, and stabilization of employment; and including modifications of this Code which shall become effective as part hereof upon approval by the Administrator after such notice and hearing as he may specify.

(g) To initiate, consider, and make recommendations for the modification or amendment of this Code, which when approved by the Administrator shall become binding upon all members of the industry as part of this Code.

(h) The Code Authority shall obtain from manufacturers lists of all contractors, sub-contractors or delivery agents to whom they supply materials for processing or manufacture into products of the Industry, whether by such contractors, sub-contractors or delivery agents or others; from contractors, lists of all subcontractors to whom they supply materials for such purposes; and from all members of the Industry, lists of every home-worker to whom they supply materials for such purposes, including the address or best location possible of each home-worker. The Code Authority shall obtain reports of all changes in such lists.

(i) Within ninety days following the date this code becomes effective the Code Authority shall register all sewing machines used in homes in the manufacture or processing of products of this industry on or before April 1, 1934, with the serial number of each such machine, its type and age, the name and address of the owner and of the person operating such machine during the year preceding April 1, 1934, and the name and address of any person holding a chattel mortgage or conditional sale contract for such machine.

(j) To make complaint to the President on behalf of the industry, as authorized by the Act, whenever any article is being imported into the United States in substantial quantities or increasing ratio to Porto Rican production of any competitive article or articles and on such terms or under such conditions as to render ineffective or seriously to endanger the maintenance of this Code.

(k) The Code Authority shall obtain from every member of the Industry certified reports based on two or four week operations, giving a complete list of all home-workers employed by such member whether the work done by the home-worker was done by hand or on machine, the number of items or articles so produced and the amount paid to each home-worker.

(l) (1) It being found necessary in order to support the administration of this code and to maintain the standards of fair competition established hereunder and to effectuate the policy of the Act, the Code Authority is authorized:



(a) To incur such reasonable obligations as are necessary and proper for the foregoing purposes, and to meet such obligations out of funds which may be raised as hereinafter provided and which shall be held in trust for the purposes of the Code;

(b) To submit to the Administrator for his approval, subject to such notice and opportunity to be heard as he may deem necessary (1) an itemized budget of its estimated expenses for the foregoing purposes, and (2) an equitable basis upon which the funds necessary to support such budget shall be contributed by members of the industry;

(c) After such budget and basis of contribution have been approved by the Administrator, to determine and obtain equitable contribution as above set forth by all members of the industry, and to that end, if necessary, to institute legal proceedings therefor in its own name.

2. Each member of the industry shall pay his or its equitable contribution to the expenses of the maintenance of the Code Authority, determined as hereinabove provided, and subject to rules and regulations pertaining thereto issued by the Administrator. Only members of the industry complying with the code and contributing to the expenses of its administration as hereinabove provided, shall be entitled to participate in the selection of members of the Code Authority or to receive the benefits of any of its voluntary activities or to make use of any emblem or insignia of the National Recovery Administration.

3. The Code Authority shall neither incur nor pay any obligation in excess of the amount thereof as estimated in its approved budget, except upon approval of the Administrator; and no subsequent budget shall contain any deficiency item for expenditures in excess of prior budget estimates except those which the Administrator shall have so approved.

#### ARTICLE VIII—N.R.A. LABEL <sup>5</sup>

1. Any kind of article manufactured or processed subject to the provisions of this Code shall bear an N.R.A. label or an authorized substitute therefor to symbolize to purchasers of said goods the conditions under which said goods have been manufactured, if the Code Authority, subject to the approval of the Deputy Administrator for Puerto Rico, shall so determine.

2. Subject to such rules and regulations as the Administrator may from time to time prescribe, the Code Authority shall have the exclusive right in this industry to issue and furnish said labels to the members thereof, and/or to negotiate with the Code Authority administering the Code from which the members of the industry in Puerto Rico are exempted, to secure and distribute labels issued by the latter Code Authority.

3. Each label shall bear a registration number especially assigned to each member of the industry by the Code Authority, and shall remain attached to all such goods when sold to the retail distributor.

<sup>5</sup> See paragraph 2 (2) of order approving this Code.



4. Subject to the approval of the Administrator, the Code Authority shall establish rules and regulations and appropriate machinery for the inspection, examination and supervision of the practices of members of the industry using such labels for the purposes of ascertaining the right of such members of the industry to the continued use of said labels; of protecting purchasers in relying on said labels; and of insuring to each individual member of the industry that the symbolism of said label will be maintained by virtue of compliance with the provisions of this Code by all other members of the industry using said label.

5. The charge made for such labels by the Code Authority shall at all times be subject to supervision and orders of the Administrator and shall be not more than an amount necessary to cover the actual reasonable cost thereof, including actual printing, distribution, administration, and supervision of the use thereof as hereinabove set forth.

#### ARTICLE IX—TRADE PRACTICES

1. The standards of fair competition for the industry with reference to pricing practices are declared to be as follows (for definition of terms see subsection (d))

(a) *The Principle.*—

(1) Destructive price cutting is an unfair method of competition and is forbidden at all times, irrespective of the existence of an emergency;

(2) When no declared emergency exists as to any given product, there is to be no fixed minimum basis for prices but it is intended that sound cost estimating methods should be used;

(3) When an emergency exists as to any given product, sale below the lowest reasonable cost of such product, in violation of subsection (c) hereof is forbidden.

(b) *Normal provision (Cost estimating methods).*—The Code Authority shall cause to be formulated methods of accounting and cost finding and/or estimating capable of use by all members of the industry and shall submit such methods to the Administrator for review and possible disapproval. Full details and instructions concerning such methods shall be made available to all members of the industry and to the Administrator and thereafter all members shall utilize the principles of such methods.

(c) *Emergency provision (lowest reasonable cost).*—When an emergency exists, the Code Authority may cause an impartial agency to investigate costs and to determine the lowest reasonable cost of the product affected by the emergency. Such determination shall exclude all cost elements set forth in, and shall be in all respects subject to, such rules and regulations as may be issued by the Administrator, and shall become effective upon his approval or modification after such notice and opportunity to be heard as he may prescribe. The Code Authority or the Administrator may, from time to time, cause such determinations to be reviewed or reconsidered and appropriate action taken.

(d) *Definitions.*—An “Emergency” exists whenever the Administrator determines that destructive price cutting is rendering in-



effective or seriously endangering the maintenance of the provisions of this Code.

“Destructive price cutting”—

(1) When no emergency exists, the term shall have the meaning declared in rules and regulations promulgated by the Administrator on recommendation of the Code Authority or on his own motion;

(2) When an emergency exists, the term shall mean any sale in violation of subsection (c) hereof;

(3) It shall be an absolute defense to any charge of destructive price cutting, if an impartial agency, designated or approved by the Administrator, shall find:

(aa) That the price complained of is justified by existing competition, evidence of which has been reported to the Code Authority;

(bb) That the price complained of is justified as a method of disposal of distress merchandise, dropped lines or seconds, provided the Code Authority has been notified of the intention to dispose of the same; or

(cc) When no declared emergency exists, that the member charged with destructive price cutting has in good faith endeavored to make proper use of the announced cost estimating methods.

2. No member of the industry shall, for the purpose or with the intent of evading any of the provisions of this code:

(a) Allow deductions to be made from the actual invoice by reason of banking or exchange charges;

(b) Ship products to the mainland from Puerto Rico at other than f.o.b. factory terms, or pay for freight charges on raw materials shipped by a continental manufacturer to be manufactured or processed wholly or in part by any member of this industry;

(c) Furnish without charging therefor not less than cost, ribbon or ribbons, findings or other trimming to any “manufacturer” or “continental manufacturer”;

(d) If a contractor or subcontractor pay premiums for fire or theft insurance on products of a manufacturer or continental manufacturer above said contractor’s or subcontractor’s individual interest without charging the manufacturer or continental manufacturer for such premiums paid.

3. No member of the Industry shall secretly offer or secretly make any payment or allowance of rebate, refund, commission credit, unearned discount, or excess allowance, whether in the form of money or otherwise; nor shall a member of the Industry secretly offer or extend to any customer any special service or privilege not extended to all customers of the same class, for the purpose of influencing a sale.

4. No member of the Industry shall wilfully induce or attempt to induce the breach of existing contracts between any manufacturer or continental manufacturer and his contractor or sub-contractor by any false or deceptive means, or interfere with or obstruct the performance of any such contractual duties or services by any such means.

5. No contractor or manufacturer shall agree to manufacture samples for less than production cost plus overhead cost.



6. No member of the Industry shall agree to manufacture any products of the Industry on terms in excess of ten (10) days from date of shipment.

7. No merchandise shall be manufactured for any member of the Industry in any prison, prison camp, penitentiary, reformatory or other correctional institution or in any place by means of prison labor except in any such institution which has subscribed to, or when any such institution hereafter subscribes to, this Code or any compact, or has entered into or may hereafter enter into a binding agreement of any other nature which satisfies the Industry that merchandise produced in such institution or by the inmates thereof will not be sold except upon a fair competitive basis with similar merchandise not so produced. Nothing in this Section shall be construed to supersede or interfere with the operation of the Act of Congress approved on January 19, 1929, being Public No. 669 of the 70th Congress and entitled "An Act to Divest Goods, Wares and Merchandise Manufactured, Produced or Mined by Convicts or Prisoners of Their Interstate Character in Certain Cases", which Act is known as the Hawes-Cooper Act, or the provisions of any State or Territorial legislation enacted, under or effective upon the effective date of the said Hawes-Cooper Act, the said effective date being January 19, 1934.

#### ARTICLE X—MODIFICATIONS

1. This Code, and all the provisions thereof, are expressly made subject to the right of the President, in accordance with the provisions of Sub-section (b) of Section 10 of the 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 but without limitation, 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.

2. This Code, except as to provisions required by the Act, may be modified in such manner as may be indicated by the needs of the public, by experience, or by changes in circumstances, such modification to be based upon application to the Administrator and such notice of hearing as he shall specify, and to become effective on approval by the President.

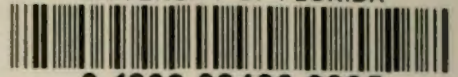
#### ARTICLE XI—MONOPOLIES

1. No provision of this Code shall be so applied as to permit monopolies or monopolistic practices, or to eliminate, oppress, or discriminate against small enterprises.

#### ARTICLE XII—GENERAL

1. Any employer who at any time shall manufacture any article or articles subject to the provisions of this Code, shall be bound by all the provisions of this Code as to all employees engaged in whole or in part in such manufacture. In case any employee shall be





engaged partly in such manufacture and partly in the manufacture of goods of another character, this Code shall only apply to such portion of such employee's work as is performed in connection with the manufacture of articles subject to this Code.

#### ARTICLE XIII—EFFECTIVE DATE

1. This Code shall become effective three weeks after its approval.

Approved Code No. 474.

Registry No. 231-16.

