



NATIONAL RECOVERY ADMINISTRATION

CODE OF FAIR COMPETITION

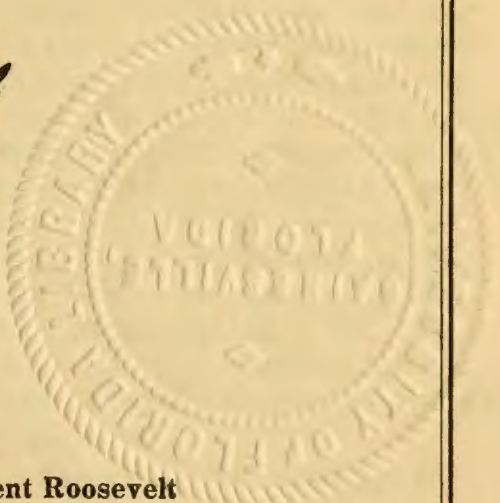
FOR THE

TEXTILE BAG INDUSTRY

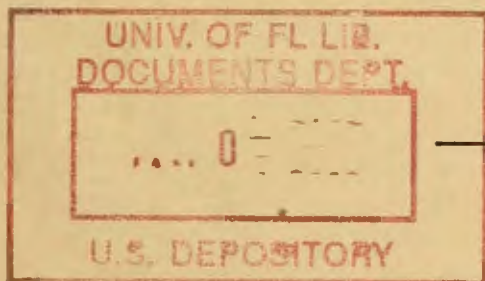
AS APPROVED ON SEPTEMBER 18, 1933

BY

PRESIDENT ROOSEVELT



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



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1933

NATIONAL RESEARCH FOUNDATION

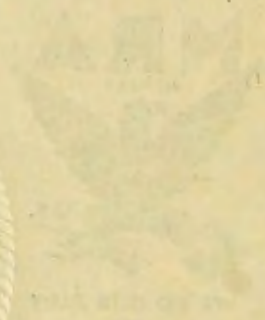
BOARD OF VASA COOPERATION

AND THE

TEXTILE INDUSTRY

AS REPORTED BY THE BOARD IN 1935

THESE REPORTS WERE PREPARED BY



- 1. Research and Development
- 2. Production and Distribution
- 3. Marketing and Sales
- 4. Finance and Administration

UNITED STATES

DEPARTMENT OF COMMERCE

WASHINGTON, D.C.

EXECUTIVE ORDER

CODE OF FAIR COMPETITION FOR THE TEXTILE BAG
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 Textile Bag 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 July 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.

FRANKLIN D. ROOSEVELT.

Approval recommended:

HUGH S. JOHNSON,
Administrator.

THE WHITE HOUSE,
September 18, 1933.

(III)

REPORT OF THE ADMINISTRATOR

SEPTEMBER —, 1933.

INTRODUCTION

To the President:

This is a report of the Hearing on the Code of Fair Competition for the Textile Bag Industry in the United States, conducted in Room 2062, Department of Commerce Building in Washington, D.C., on August 31, 1933, in accordance with the provisions of the National Industrial Recovery Act.

The following papers are included and annexed:

1. Code submitted.
2. Notice of Hearing.
3. Bylaws of the Textile Bag Manufacturers' Association.
4. Statement of procedure.
5. List of witnesses.
6. Transcript of the records.
7. Statistical analysis.

In accordance with the customary procedure every person who filed 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, complying with the statutory requirements, as representing 80% of the capacity of the Industry.

GENERAL CHARACTERISTICS OF THE INDUSTRY

The Textile Bag Industry includes the manufacture of a general line of bags made from cotton cloth purchased in this country and imported from India, for the manufacturers own use or for sale. Such bags are used almost entirely as shipping containers and to a very large extent for agricultural products.

Over 90% of the cotton bags and probably over 75% of the burlap bags produced by our industry are printed with the buyer's brand applying to the product for which he uses the bag as a shipping container.

It is estimated that more than 90% of the output of the Textile Bag Manufacturing Industry is used by producers of agricultural products or derivatives thereof, or by producers of other products subject to extraordinary seasonal demand. For this reason the rate of production fluctuates during the year with a peak rate of approximately 150% of the annual average, and a slack rate of approximately 70% of the annual average.

It is estimated that approximately 35 concerns comprise the Textile Bag Industry, based on a careful analysis of all concerns known

to have manufactured textile bags with the exception of those manufacturers—

(a) Primarily engaged in conditioning and resale of second-hand bags;

(b) Incidentally engaged in making textile bags as a part of other principal activities such as awning and tent manufacturing, etc.;

(c) Engaged in the manufacture of special bags such as coffee-urn bags, tea bags, tobacco bags, cotton pick sacks, and small cotton mailing bags not usually considered a part of, or competitive with the general line of textile bags.

About 60% of the employees in the Industry are women.

The industry reports that employment in the Textile Bag Industry is now approximately 88.5% of the 1929 peak of employment as compared with only 58% for all manufacturing industries, as reported by the National Industrial Conference Board.

In 1928 and 1929 the Textile Bag Industry gave employment to approximately 9,700 individuals with a plant operation of 49.4 hours per week. Today there are approximately 8,700 employees and an average plant operation of 47.5 hours per week.

The percentage of the 1933 pay roll to the 1929 pay roll for the Textile Bag Industry was 66%, and in all manufacturing industries, was 36%.

The average wage during 1933 to the average wage during 1929 in the Textile Bag Industry was 76% and in all manufacturing industries was 60%.

Size of the Industry.—The aggregate invested capital (estimated) is as follows:

1928	-----	\$45,000,000
1930	-----	45,000,000
1932	-----	45,000,000
1933	-----	45,000,000

The aggregate number of employees (estimated) was as follows:

1928	-----	9,710
1930	-----	9,700
1932	-----	8,400
1933	-----	8,700

The aggregate production capacity (estimated) is as follows:

1928	-----	222,000,000
1930	-----	179,000,000
1932	-----	127,000,000

The aggregate annual sales in dollars (estimated) was as follows:

1928	-----	\$148,000,000
1930	-----	119,000,000
1932	-----	68,000,000

The statistical position of the industry has fairly been represented by them.

THE CODE

For the establishment of minimum wage rates in the industry the United States has been divided into two sections, the North and the

South. The line of division is that established by the Cotton Textile Industry.

The minimum wages at the rate of \$13 per week in the North and \$12 per week in the South are identical with those established in the Cotton Textile Industry. Because of the fact that a number of textile bag manufacturers operate their own cotton mills, that many of the bag manufacturing plants are located in textile areas, and that the class of labor in the textile bag industry is similar to that in the textile industry, it is clearly evident that the labor conditions should be substantially the same.

This code provides that productive machinery shall not be operated in excess of two shifts of 40 hours each per week.

The code provides for a 40-hour week for employees with a 48-hour maximum during the peak season, which is not to exceed 8 weeks in any 1 year.

For the administration of the code there is established a Control Committee duly set up in fairness to the entire industry.

The provision for Trade Practice Rules contained in this code should to a great degree correct certain evils that have existed and that have developed in the industry.

For several months prior to the date of hearing the textile bag industry held numerous meetings, the purpose of which was to prepare and adopt a code satisfactory to all manufacturers in the industry.

Unfortunately, from time to time some manufacturers took exception to certain provisions of the code. After considerable work and effort, however, a uniform code was developed so that on the day before the hearing date all exceptions and protests were withdrawn while five unassociated manufacturers joined the Textile Bag Manufacturers Association.

Thus was shown an unusual spirit of fairness and a spirit of give and take in finally reaching agreement, thereby formulating a code equitable to all and conforming to the purposes of the Act.

The Administrator finds that—

(a) The Code as revised complies in all respects with the pertinent provisions of Title I of the Act including, without limitations, subsection (a) of Section 8 and subsection (b) of Section 10 thereof; and that

(b) The Textile Bag Industry imposes no inequitable restrictions upon admission to membership therein and are truly representative of the Textile Bag Industry.

(c) The Code is not designed 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.

Accordingly, I recommend the approval of the Code of Fair Competition for the Textile Bag Industry.

Respectfully submitted.

HUGH S. JOHNSON,
Administrator.

SEPTEMBER 12, 1933.

To: General Hugh S. Johnson.

From: A. D. Whiteside.

Subject: Code for the Textile Bag Manufacturing Industry.

The Hearing of the Code for the Textile Bag Manufacturing Industry was conducted by H. B. Ludlum, Jr., acting in the capacity of an Assistant Deputy Administrator. The Hearing was held on August 31, in Room 2062 of the Commerce Building.

Attached to this memorandum are the reports from the Labor, Industrial and Consumers' Advisory Boards, Legal Division, and Economic Research and Planning Division. The suggestions contained in the reports from the Advisory Boards are as follows:

1. *Labor Advisory Board*.—The Labor Advisory Board approved the report with the qualification that any improvement which should be made in the Cotton Textile Code is to be applied to the Textile Bag Code.

2. *Industrial Advisory Board*.—Mr. H. H. Allen, Industrial Advisor, reported complete approval of the Code.

3. *Consumers' Advisory Board*.—Part of the recommendations of the Consumers' Advisory Board were incorporated in the provisions of the Code, whereas with the other recommendations they made, it was felt that they should be considered by the Textile Bag Code Committee for future amendments.

One objection of the Consumers' Board was on the subject of replacement cost of materials, but as this has been a practice in the Industry for many years, it was not considered advisable to follow their recommendations.

4. *Legal Division*.—All of the provisions in the Code were examined and approved by the Legal Division.

5. *Economic Research and Planning Division*.—The report of this Division shows that the Textile Bag Industry has maintained a very good position during the depression and that the provisions of the Code will increase employment substantially.

I have examined the Code and have considered the reports from the Advisory Boards and recommend the approval of the Code as it stands.

A. D. WHITESIDE,
Deputy Administrator.

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CODE OF FAIR COMPETITION FOR THE TEXTILE BAG INDUSTRY

PREAMBLE

To effectuate the policy of Title I of the National Industrial Recovery Act during the period of emergency, the following provisions are established as a Code of Fair Competition for the Textile Bag Industry.

ARTICLE I—DEFINITIONS OF TERMS

(a) The term "textile bag industry", when used in this Code, includes the manufacture of a general line of bags made from new cotton and new burlap woven cloth for the manufacturer's own use or for sale.

(b) The term "employers" shall mean all who employ labor in the conduct of any branch of the textile bag industry as defined above.

(c) The term "employees", as used herein, shall include all persons employed in the conduct of the textile bag industry.

(d) The term "productive machinery" as used herein, is defined to mean sewing machines and/or printing presses, baling presses, turning machines and all other productive machinery used in the Textile Bag Industry.

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

(g) The term "effective date" as used herein, is defined to mean the second Monday after the approval of this Code by the President of the United States.

ARTICLE II—LABOR PROVISIONS

The textile bag industry will comply with the following specific provisions of the National Industrial Recovery Act.

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

ARTICLE III—REGULATIONS OF HOURS OF WORK

(a) (1) No employee except emergency maintenance and repair crews, engineers, electricians, firemen, supervisory staff, shipping crews, watching crews, outside crews, and cleaners shall work more than forty hours per week, or more than eight hours in any twenty-four hour period, provided, however, that during peak seasons (not to exceed eight weeks in any one year) employees may work not more than forty-eight hours per week.

(2) The Control Committee hereinafter provided for in Article VI, shall prepare and submit to the Administrator by January 1, 1934, a report on the hours of labor for cleaners and outside employees.

(b) No productive machinery shall be operated for more than two shifts of forty hours each per week.

ARTICLE IV—MINIMUM WAGE RATES

(a) For the purpose of determining minimum wages, the industry shall be divided into the following two sections:

(1) The States of Maryland, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Tennessee, Kentucky, Louisiana, Arkansas, Oklahoma, Texas, and the District of Columbia, shall constitute the "Southern Section."

(2) All other states of the United States shall constitute the "Northern Section."

(b) On or after the effective date, no employee, except learners, sweepers, elevator men, yard men, hand truckers, and infirm or physically handicapped employees, shall be paid less than the rate of twelve dollars per week when employed in the southern section of the industry, or less than the rate of thirteen dollars per week when employed in the northern section, for forty hours of labor.

Learners, sweepers, elevator men, yard men, and hand truckers shall be paid not less than eighty percent of the minimum wage set forth in this section.

At no time shall more than ten percent of the total employees be classified as learners and at no time shall more than five percent of the total employees be classified as infirm or physically handicapped employees.

(c) Although excepted from maximum-hour provisions, repair-shop crews, engineers, electricians, and watching crews will be paid time and one third for overtime.

(d) Employers shall not reduce the compensation for employment now in excess of the minimum wages hereby agreed to (notwithstanding that the hours worked in such employment may be hereby reduced) and shall increase the pay for such employment by an equitable readjustment of all pay schedules. This clause shall be construed in the same manner as paragraph 7 of the President's Reem-

ployment Agreement has been interpreted by the National Recovery Administration in Interpretations Nos. 1 and 20, and subsequent interpretations.

ARTICLE V—PROHIBITION OF CHILD LABOR

No employer in the textile-bag industry shall employ any minor under the age of sixteen years; provided, however, that when a State Law specifies a higher minimum age, no person below the age so specified by such law shall be employed within that State.

ARTICLE VI—ADMINISTRATION

(a) To effectuate further the policies of the National Industrial Recovery Act a Control Committee is hereby designated to cooperate with the Administrator as a planning and fair practice agency for the textile-bag industry. This committee shall consist of the members of the Executive Committee of the Textile Bag Manufacturers Association, one representative to be elected by companies engaged in the textile-bag industry who are not members of the Textile Bag Manufacturers Association, and such governmental representatives, without vote, as shall be appointed by the President of the United States. Such agency may from time to time present to the Administrator recommendations based on conditions in the textile-bag 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.

(b) The Control Committee is also set up to 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 to report the same to the Administrator.

(c) The Control Committee may recommend that the Administrator of the National Industrial Recovery Act require registration by persons engaged in the textile bag industry of their productive machinery. The Committee may also recommend that no installation of additional productive machinery, except for replacement of a similar number of existing machines, be permitted by anyone, unless the Administrator shall find that the installation of such additional machinery will tend to effect the policy of the National Industrial Recovery Act and shall give his approval thereto.

(d) Recommendations of the Control Committee shall upon approval by the Administrator after such public notice and hearing as he may specify become operative as part of this Code.

(e) The Control Committee shall from time to time collect such reports from those engaged in the textile bag industry as the Control Committee, subject to the approval of the Administrator, may require in order to effectuate the administration and enforcement of the provisions of this Code.

(f) Any employer may participate in the endeavors of the Textile Bag Manufacturers Association relative to the revisions or additions to or administration of this Code by accepting the proper pro rata

share of the cost and responsibility of creating and administering it, either by becoming a member of said Association 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 Textile Bag Manufacturers Association.

ARTICLE VII—TRADE PRACTICE RULES

SECTION 1. After such time as the Control Committee, subject to the approval of the Administrator, shall determine those items that shall be used in determining costs, it shall be an unfair method of competition for a manufacturer to sell his product at less than his cost of production, which shall include the items specified by the Control Committee.

The cost of raw material, namely, cotton cloth and burlap, shall be computed on the basis of the replacement cost. In case of burlap, spot, afloat or future shipment as the case may be for the shipment period from the bag factory of bags sold, prevailing as of the date of sale. Replacement cost may be transmitted by the Secretary of the Association to its members and non-members, by telegraph or mail, as changes occur.

SEC. 2. Price Lists: Each member shall publish his price lists on cotton flour, meals, and feed bags which shall clearly state the terms and conditions under which the bags are to be sold by him. The price lists so published shall be maintained by him and any deviation by him from such published price lists shall be considered an unfair trade practice and is in violation of this Code.

SEC. 3. A purchaser shall not have the right, either expressly or tacitly, to cancel or amend any order for merchandise, without proper reimbursement.

SEC. 4. Merchandise shall not be sold on the basis of a guarantee against decline.

SEC. 5. Orders and contracts shall specify quantities, prices and delivery dates, and shall be binding alike upon both buyer and seller.

SEC. 6. Manufacturers shall not book orders with their customers immediately prior to making an advance and for the purpose of favoring such customers.

SEC. 7. Manufacturers shall not announce price advances to salesmen or special purchasers prior to the effective date of such advances, nor shall they after they have advanced their prices allow certain purchasers to book bags at prices in effect just prior to the advance.

SEC. 8. Quoted terms as to quantity differentials shall be lived up to and all purchasers shall be treated in identically the same manner with respect to quantity differentials. No purchaser shall receive the benefit of larger quantity prices on shipments covering smaller quantities where other purchasers do not receive the same treatment.

SEC. 9. Manufacturers shall not list special or extra charges, such as charges for back printing, all over-printing, etc., and then refund or rebate to certain purchasers such charges unless all purchasers are treated on exactly the same basis with respect to this practice.

SEC. 10. The effecting of adjustment or claims with purchasers of textile bags in such manner as to grant secret allowances, secret rebates, or secret concessions, creates in effect price discrimination and is a violation of the Code.

SEC. 11. In the event of a change in price of textile bags, the giving in any form of adjustments, allowances, discounts, credits, or refunds to purchasers or sellers of bags, for the purpose or with the effect of altering retroactively the price quoted or charged, in such manner as to create price discrimination, is a violation of this Code.

SEC. 12. The pre-dating or the post-dating of any invoice or contract for the purchase or sale of textile bags, except to conform to a bona fide agreement for the purchase or sale entered into on the pre-date, is a violation of this Code.

SEC. 13. Terms of sale shall be strictly adhered to. The payment or allowance of secret rebates, refunds, credits, or unearned discounts, whether in the form of money or otherwise, or extending to certain purchasers such services or privileges not extended to all purchasers under like terms and conditions shall be a violation of this Code.

SEC. 14. Attempts to purchase business or obtain information concerning a competitor's business by gifts or bribes shall be a violation of this Code.

SEC. 15. The making of, causing or permitting to be made, any false or deceptive statements, either written or oral, of or concerning the business policy of a competitor, his product, selling price, financial, business or personal standing, shall be a violation of this Code.

SEC. 16. Inducing or attempting to induce by any means or device whatsoever, the breach of contract between a competitor and his customer during the term of such contract shall be a violation of this Code.

SEC. 17. When a manufacturer has made a quotation on bags, such quotation shall stand and be final and not be changed unless justified by a change in the market for the goods involved.

ARTICLE VIII—GENERAL PROVISIONS

(a) No provision in this code shall be interpreted or applied in such manner as to—

- (1) Promote monopolies;
- (2) Eliminate or oppress small enterprise; or
- (3) Discriminate against small enterprises.

(b) This Code and all the provisions thereof are expressly made subject to the right of the President, in accordance with the provisions 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 condition imposed by him upon his approval thereof.

Such of the provisions of this Code as are not required to be included therein by the National Industrial Recovery Act may, with the approval of the President, be modified or eliminated as changes

in the circumstances or experience may indicate. 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 consistent with the provisions thereof.



