



**NATIONAL RECOVERY ADMINISTRATION**

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**CODE OF FAIR COMPETITION**

**FOR THE**

**COTTON TEXTILE INDUSTRY**

**AS APPROVED ON JULY 9, 1933**

**BY**

**PRESIDENT ROOSEVELT**



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## EXECUTIVE ORDER

### CODE OF FAIR COMPETITION FOR THE COTTON TEXTILE INDUSTRY

The Cotton Textile Code, a stenographic transcript of the hearing thereof, a report and recommendations of the National Recovery Administration thereon, (including a special statistical analysis of the industry by the Division of Planning and Research) and reports showing unanimous approval of such report and recommendations by each the Labor Advisory Board, the Industrial Advisory Board, and the Consumers' Advisory Board, having been submitted to the President, the following are his orders thereon.

In accordance with Section 3 (a), National Industrial Recovery Act, the Cotton Textile Code submitted by duly qualified trade associations of the Cotton Textile Industry on June 16, 1933, in full compliance with all pertinent provisions of that Act, is hereby approved by the President subject to the following interpretations and conditions:

(1) Limitations on the use of productive machinery shall not apply to production of tire yarns or fabrics for rubber tires for a period of three weeks after this date.

(2) The Planning Committee of the Industry, provided for in the Code, will take up at once the question of employee purchase of homes in mill-villages, especially in the South, and will submit to the Administration before January 1st, 1934, a plan looking toward eventual employee home-ownership.

(3) Approval of the minimum wages proposed by the Code is not to be regarded as approval of their economic sufficiency but is granted in the belief that, in view of the large increase in wage payments provided by the Code, any higher minima at this time might react to reduce consumption and employment, and on the understanding that if and as conditions improve the subject may be reopened with a view to increasing them.

(4) That office employees be included within the benefits of the Code.

(5) The existing amounts by which wages in the higher-paid classes, up to workers receiving \$30 per week, exceed wages in the lowest paid class, shall be maintained.

(6) While the exception of repair shop crews, engineers, electricians and watching crews from the maximum hour provisions is approved, it is on the condition that time and one-half be paid for overtime.

(7) While the exception of cleaners and outside workers is approved for the present, it is on condition that the Planning and Supervisory Committee provided by Section 6 prepare and submit to the Administration, by January 1, 1934, a schedule of minimum wages and of maximum hours for these classes.

(8) It is interpreted that the 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.

(9) It is interpreted that 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. This is to avoid frustration of the purpose of the code by changing from hour to piece-work rules.

(10) Until adoption of further provisions of this Code necessary to prevent any improper speeding up of work to the disadvantage of employees ("stretch-outs") and in a manner destructive of the purposes of the National Industrial Recovery Act, it is required that any and all increases in the amount of work or production required of employees over that required on July 1, 1933, must be submitted to and approved by the agency created by section six of the code and by the administration and if not so submitted such increases will be regarded as a prima facie violation of the provision for minimum wages.

(11) The code will be in operation as to the whole industry but, opportunity shall be given for administrative consideration of every application of the code in particular instances to any person directly affected who has not in person or by a representative consented and agreed to the terms of the code. Any such person shall be given an opportunity for a hearing before the Administration or his representative, and for a stay of the application to him of any provision of the code, prior to incurring any liability to the enforcement of the code against him by any of the means provided in the National Industrial Recovery Act, pending such hearing. At such hearing any objection to the application of the code in the specific circumstances may be presented and will be heard.

(12) This approval is limited to a four months' period with the right to ask for a modification at any time and subject to a request for renewal for another four months at any time before its expiration.

(13) Section 6 of the Code is approved on condition that the Administration be permitted to name three members of the Planning and Supervisory Committee of the industry. Such members shall have no vote but in all other respects shall be members of such Planning and Supervisory Committee.

(Signed) FRANKLIN D. ROOSEVELT.



## NATIONAL RECOVERY ADMINISTRATION

JULY 9, 1933.

*To the President:*

I have the honor to submit herein my report on the Cotton Textile Code and hearing submitted and conducted in accordance with the provisions of the National Recovery Act. The Code may be summarized as follows:

SECTION 1. *Definitions.*—This is the Spinning and Weaving division of the Cotton Textile Industry. The only controverted matter in this section was a definition of "productive machinery" as cotton looms and spindles. The question of the validity of excluding carding machines as auxiliary was raised by President McMahon, of the United Textile Workers, and was justified by Mr. Robert Amory that inasmuch as the product of the card is not sold it cannot lead to overproduction yet the flexibility of running it is necessary to balance the mills operation (II-K-8-M-2). Mr. Batty, Secretary, New Bedford and Fall River Textile Councils (Labor) concurred that this was an unsubstantial objection.

SEC. 2. Proposes a minimum wage of \$12 in the South and \$13 in the North—exempts learners for six weeks, also cleaners and outside employees.

SEC. 3. Provides for a 40-hour work week and an 80-hour machine work week and excepts repair crews, engineers, electricians, firemen, office and supervisory staff, shipping, watching, and outside crews and cleaners.

SEC. 4. Abolishes child labor (minors under 16).

SEC. 5. Provides for periodical statistical reports from all members of the Cotton Textile Institute, bearing on wages, hours, production and consumption, etc.

SEC. 6. Sets up as a continuing planning and fair practice agency the Cotton Textile Industry Committee of all the affected trade associations to supervise the execution of the code, to develop statistical accounting, credit and other controls and to carry out long-range planning in the interest of the industry and the stabilization of employment. This is the proposed self-government agency of the industry, to function subject to the approval of the Administration.

SEC. 7. Provides that the Committee may tender its good offices to secure, by mediation, modifications of existing contracts rendered burdensome by costs increased by this code.

SEC. 8. Mandatory statutory recitation of the Rights of Labor.

SEC. 9. Mandatory statutory recitation of the President's right to cancel, modify, or amend.

SEC. 10. Provides for consideration by the President of future amendments at the instance of the industry.

This code was formulated during the Congressional debate on the Recovery Act by conference among representatives of the industry,



with unofficial assistance of the present Administrator's aides. It was submitted the day the President signed the Act. After due legal published notice the hearing opened on June 27th and concluded July 1st.

The hearing was presided over by the Administrator and conducted by Deputy Administrator William H. Allen with the aid of members of the staff of the National Recovery Administration in the presence of the Industrial Advisory Board, appointed by the Secretary of Commerce, the Labor Advisory Board, appointed by the Secretary of Labor, and the Consumers' Advisory Board, appointed by the Administrator. Representatives of the Department of Justice and the Federal Trade Commission were also in attendance. The hearing was attended by considerable numbers (about 500) of the public and a full press complement.

The code was presented by duly qualified representatives of the industry after due qualifications of its proponents complying with all statutory requirements as representing 75% of the capacity of the industry. In accordance with announced procedure, every person who had filed an appearance, whether as a worker, employer, or consumer, was freely heard in public, including a representative of a Communist organization. (List of witnesses, Appendix 1.)

All statutory and regulatory requirements were complied with.

### III. SUMMARY OF AND CONCLUSIONS ON THE EVIDENCE

#### 1. *Hours of Labor.* (Proposed Reduction of Weekly Hours to 40.)

President McMahon, of the United Textile Workers of America, affiliated with the American Federation of Labor (who had participated in the formulation of the code and had concurred in it before submission) submitted at the hearing amendments to his original statement and to the code and urged that the hours of work be limited to 35 instead of the proposed 40, in order to bring about a reabsorption of the unemployed of the industry (II-H-3 ff.; I-7-11; J-1 ff). President Green of the American Federation of Labor went further and asked for a 30-hour week on the ground that "the work available at the May level in industry generally would provide only 25.6 hours per week for all who needed work", and that it was, therefore, best to arrange a single standard, presumably regardless of differences between industries as to rates of activity and employment (Statement, p. 6; Record III-S-9, III-S-11). Both testified to the prevalence in the past year of as high as a 53-to-54 hour week for the industry and suggested as an objective the bringing up of the employment to the level which prevailed in the period from 1923 to 1929 when approximately 450,000 persons were engaged in the industry as compared with the May 1933 rate given by Mr. Green as around 350,000 on 48 hours a week (Record III-I-7; statement of Mr. Green, page 6; Record III-I-5).

The isolated figures cited by Mr. McMahon and Mr. Green as to numbers employed and hours reflecting conditions as of varying dates in the past half year, were all based upon official government and other public sources. Hence, the issue resolves itself into a statistical one of determining the necessary and feasible hours and shifts for handling the present level of cotton textiles production and taking care of the seasonal fluctuations and spurts in demand for the products of the



industry. An exhaustive analysis of this sort was carried out by our Research and Planning Division (Dr. Sachs), and the results thereof, submitted in the course of the hearing to President Green of the American Federation of Labor and to Dr. Wolman of the Labor Advisory Board, were uncontroverted by the former and concurred in by the latter.

Briefly, in the course of the depression employment in the Cotton Textile Industry has declined from 425,000 in 1929 to a low mark in March of this year of 314,000, or 26%. Since then, under the impetus of the recovery policies of the Government, this industry, like other consumers goods industries, has been enjoying a sharp revival, with rising employment, having reached 346,000 for the month of May, and around 400,000 in June.

With productive operations in June around the 1929 level, and this month above it, it is clear that hours and shifts should be so fixed as to allow a general average of production at least as high as 1929. In that year there were processed 3,370,000,000 pounds of cotton, or 5% below the peak year of 1927. This was at the rate of 65,700,000 pounds per full working week, taking the working year as 51.3 working weeks. The labor required in 1929 to process the 65,700,000 pounds of cotton was in man-hours 20,600,000 for an effective working week of 49 hours. Under the proposed code, limiting the week to 40 hours, the effective average working week, allowing for those manufacturers who will not be able to obtain the maximum, would be 39 hours. Hence, dividing the 20,600,000 man-hours by the 39 effective hours yields 528,000, as the employees required for producing an average 1929 weekly level of cotton production. In other words, the 40-hour limit would not only call back to work those who became unemployed since 1929, but would call for 13% more employees than the average in the peak year of 1927 when 467,000 were employed. It is furthermore noteworthy that this computation only provides for the 1929 average and does not make any allowance whatsoever for the seasonal peaks or sudden spurts of demand which according to the experience of the past decade may well carry production from 10 to 20% above any apparently well established level. To provide for such a 15% spurt above the normal at any given period would require the full utilization of the 10 to 15% increase in labor efficiency that has developed in the depression under conditions of the very long hours which have obtained hitherto. Accordingly, the industry under the 40-hour week would presently absorb the available corps of textile workers and assuming a continuation of the present trend would provide openings for unemployed from related or nearby industries, whose absorption would, according to Mr. Batty of the New Bedford Textile Council, require a very considerable apprenticeship. On the data submitted and on the basis of the present requirements of the industry, the reduction in the working week to forty hours will effect the re-employment of the hitherto unemployed and permit the substantial absorption from the outside of a potential 15 to 25% employment over and above the predepression level.

It must be kept in mind that there is nothing static about such conclusions. Should there be a marked recession in production the question of hours would have to be reconsidered. For this and other reasons hereinafter set forth approval should be limited to a four months period.



## 2. *Limit on machine hours.*

The provision in the code to limit the operation of productive machinery to two shifts a week of forty hours each was vigorously supported by representatives of the industry as a means of preventing overproduction and unemployment and as a means of aiding the large number of small mills which lack the resources for more than two forty-hour shifts and which otherwise would be at a competitive disadvantage in meeting increases in labor costs resulting from the code.

Certain labor representatives appeared not to be concerned about a limitation in shifts. Mr. Green stated, "If necessary to work two shifts, or three shifts, or even four, I think that should be permitted", (III-T-1), but ended up (III-W-4) by declaring that he was "not fundamentally opposed to the regulation of the hours of machines." A similar position was taken by Mr. Frey (III-Y-3) though the burden of his testimony as to the widening gap even before the depression between increasing labor productivity and inadequate mass-purchasing power tended to throw into relief the importance of controlling technological unemployment.

The predominant view of the industry was that while less than the maximum of two shifts might easily cause shortages and lead to unreasonably high prices to the consumer, the needs of the country can be fully taken care of by two shifts, which are not likely to be utilized by more than half of the mills, thus avoiding the overproduction involved in three shifts and the resulting migration and concentration of the business in special areas (1-F-8). The proposed limitation was also defended—by members of the industry—on social grounds as eliminating the use of the so-called "grave-yard" shift.

The strongest objection to the limitation of machinery came from representatives of outside but overlapping industries and companies which carry on cotton textile production as an integrated part of other manufactures such as the tire fabrics and surgical supply industries. Mr. Russell Watson, of Johnson and Johnson, favored three shifts in the interests of low prices for surgical dressings, of affording opportunity for the more efficient units of the industry (II-C, D-ff) and on the ground that limitations applied to his company would throw some employees out of work. On the other hand, Mr. Kendall, who is engaged in the same business, declared that in an industry like textiles, an over-supply of production machinery coupled with unrestricted machine hours would not only make it difficult to bring about a reasonable equilibrium between consumption and production, but would seriously interfere with the reemployment of labor and the geographical distribution of that reemployment, and in addition would tend toward monopoly by the concentration of the production in a few efficient plants (II-G-11, 13).

The same issue arose in respect of the application made by Mr. Stillman of the Goodyear Company in behalf of the so-called "Big Four" tire producers for exclusion of the tire fabric operations from the scope of the term "cotton textile industry" and so from the consequent limitation upon machine hours (I-Q-II, R-1-5). A contrary position was taken by Mr. Seiberling speaking for the non-integrated tire companies which obtain their fabrics from outside textile mills instead of their own subsidiaries as is the case with the "Big Four." It was estimated by him that the difference in cost of running an eighty-hour cotton-fabric mill against one running one



hundred forty-four machine hours would be 6¢ per pound or equivalent to 25¢ a tire which "is more (profit) per tire than the industry has made within the last three years" (I-S-2-5). This situation in his opinion, would "unquestionably tend to promote monopoly by the Big Four" (I-S-7).

On these grounds, a request was made on behalf of all the manufacturers of tires for a delay until September 1st in the application of the machine-hour provision of the code to spindles or looms producing tires, yarns, or fabrics (memoranda of Mr. C. A. Stillman).

In respect of the request for exemptions by the makers of surgical dressing units and similar requests involving the upholstery, drapery and knitwear units, it is clear that the granting of an exemption would place them in a privileged position and would discriminate against other units of the cotton-textile industry making the same or similar products. As that would contravene the provision in Section 3A of the Act against permitting "monopolies or monopolistic practices", it is recommended that these requests be denied.

In respect to the production of tire yarn and fabrics, the cotton textile industry itself recognizes that owing to the elaborate machinery involved a violently sudden limitation might have a serious effect on the production and sale of automobiles and tires. It is therefore recommended that the interested tire companies present within two weeks after the approval of this code statistical evidence as to the need for limited exemption, and during those two weeks the provisions of the Code limiting the operation of productive machinery should not apply to spindles, looms, or production of *tire* yarns or fabrics, and that at the end of three weeks a final decision on this exemption be made by the Administration.

In respect of limitation of machinery hours of the industry as a whole, the testimony of the workers (particularly III-R-2) and the employers (particularly II-B-1) is eloquent of the danger and distress from overproduction in the fact of the admitted excessive capacity in the industry. The comparisons given in the report of the Director of the Division of Research and Planning between textile and cotton goods industries on the one hand, and general manufacturing on the other hand, disclose the prolonged depression of the industry even during the decade of the post-war prosperity for general manufacturing. The industry has been consistently losing relative to manufacturing industry as a whole in values of product and, what is the most significant, in value added by manufacture, which is the difference between selling value and the cost of materials out of which "mill margin" must be paid. Between 1923 and 1929 this margin or value added declined 15% as against a rise of 24% in all other manufactures. It would appear therefore that the causes of low wages lie largely in the general unprofitability of the industry and its inability to command a stable price for its products by reason of the overcapacity of the industry in terms of spindles (which have declined from thirty-seven million at the beginning of 1923 to thirty-one million and a half beginning 1933 *with only 80% active even now at the present high level of activity*), the overproduction in terms of hours and shifts and the lack of internal organization and coordination looking towards a stabilization of production and consumption and employment.



These considerations confirm the view of the industry that an eighty-hour limit on machine operations is necessary and should aid in the organization of the industry with a view to checking the accumulations of diseconomic surpluses (Report, Division of Research and Planning, Chapter I and Chapter V, Part 2). Such a limitation will not interfere with adequate opportunity for fair competition on the part of efficient producers for increasing the volume of their production, nor will it interfere with the interests of consumers and workers. On the contrary the preservation of existing opportunities for employment and profitable operation and the protection of the industry against both undue market stimulation and undue market demoralization require control of machine hours and the working out of additional flexible controls for stabilizing the industry as a whole in the planning provisions of Section 6 of the Code. Especially in view of the instant tendency, which is clearly toward a new and dangerous overproduction, the prevention of dislocations in employment and demoralizing market conditions warrants the machine-hour limits proposed in the code, and the approval of this provision is recommended.

Another problem involving the working rate of machinery is the tendency to increasing the maximum machine load on employees, popularly called the "stretch-out system." This problem, recurrent in the statements of labor representatives, was dealt with in an address by Senator James F. Byrnes of South Carolina at the opening session of the hearing (IK12-L5). In pursuance of this, a committee was appointed by the Administrator, consisting of Mr. Robert W. Bruere as Chairman, and Mr. B. E. Geer, representing the industry, and Major Berry, representing labor, with their technical aids. In behalf of the industry Mr. Amory for the North and Mr. T. M. Marchant for the South are conducting inquiries and securing information for the "Stretch-out" Committee. Similarly the Department of Industrial Studies of the Institute of Human Relations at Yale University, is making available to the Committee the results of a study of the system in twenty representative mills. Meanwhile Messrs. Bruere and Geer are making a field trip into the cotton textile centers to conduct engineering studies and to hold a number of open hearings at which all parties at interest may express their minds. As a preliminary result of its work, the Committee has drawn up a proposal designed not only to check the possible tendency towards a too rapid introduction of the "stretch-out" which may be stimulated by the forty-hour week limitation, but also to provide a simple machinery by which the principle of consent and participation by labor may be effectuated. This proposal, summed up towards the end of this report, is recommended for approval.

### 3. *Wages.*

The original Code submitted on June 16th, proposed a minimum wage for a forty-hour week of \$10 for the South and \$11 for the North, which scale towards the end of the hearing, and upon intimation that such low figures could not be considered, was lifted to \$12 and \$13 respectively.

The labor representatives in their criticism of the original proposed scale of minimum wages made reference to the very low levels of minimum wages prevalent in the industry. President McMahon in his statement in behalf of the United Textile Workers of America,



submitted early in June, stated: "Today in several sections of our country, including the North, we have had personal contact with Textile Workers who after a full working week were compelled to appeal to public charities to supplement their earnings. *Wages of \$5 and \$6 a week are common throughout the industry.*" In his testimony at the hearing he protested against accepting \$10 as an economically sound wage for any worker regardless of degree of skill (Record II. 1.3); and proposed a minimum for the North of \$14 in place of the old one that he had submitted of \$12 (Record II. J-1). President Green, of the American Federation of Labor, set the average weekly wage in the Cotton Goods Industry, as of the month of May 1933, as \$10.40 (III T-. 7-8) and as of the recent past, in 1932, he said, "*12% of all men employed in the cotton mills studied were receiving wages which averaged below \$10 and in some cases below \$8 for a 53-54 hour week.* (III T.-5.)

Speaking for the consuming public, Miss Lucy Mason, Secretary, National Consumers' League, joined with labor in urging a higher minimum but dismissed the fear expressed by certain labor representatives that the minimum wage might tend to become maximum: "The Consumers League was the first proponent of minimum wage laws in this country, and it has been their experience that in America minimum wage rates do not tend to become the maximum, but establish bargaining power for the more skilled worker, and that the wages rise rapidly above the minimum (IV. H 1-7).

Figures such as those stated by Mr. Green and others reflect very inadequately the extent of the declines that have taken place in the wages of the unskilled and the skilled, as well, by reason of the progressive narrowing during the depression of the wage differential for the skilled, and besides, the record for unskilled rates applies largely to certain of the more important mills whose wage level, particularly in the latter part of the depression, has been higher than that of the country as a whole. To meet the shortcomings of the wage rate data for this, as well as for other industries, as a basis for determining minimum wages, the Research Division secured from representative mills in the industry sample or illustrative pay rolls for North and South. These pay-roll records showed that *minimum wages as of the low in March-April this year, applicable to between 10% to 20% of the pay rolls, were in the neighborhood of \$8 to \$8.50 for the South for a fifty-hour week and \$9 to \$9.50 for the North for a forty-eight-hour work week.*

In attempting to aid in working out a proper minimum wage, this Administration sought to do something more than strive for a compromise between opposing claims. The guiding thought was to effectuate the policy laid down in the President's statement upon signing the National Recovery Act, to wit: "The idea is simply for employers to hire more men to do the existing work and at the same time paying a living wage for the shorter week." This policy sets as an objective and as a norm for the emergency at any rate the restoration of the purchasing power which the worker in the industry had prior to the depression. Now, in 1929, the average unskilled weekly wage in the North was \$17.60 (\$19.47 for male workers and \$15.75 for female workers). *This average unskilled wage for the forty-eight-hour week has in the course of depression declined to a recent low point of \$11.76 in April and \$11.62 in January this year (for male workers, \$13.27-\$13.15 for the respective months, and for female, \$9.96 and \$10.37).* During



the same period the decline in the cost of living as computed by our Division of Research has amounted to about 30%. Applying the progressive decline in living costs to the original \$17.60 of 1929 weekly earnings, we obtain as a "real" weekly earnings for May this year \$12.16; that is, the present required dollars to give the 1929 purchasing power. We have to carry this idea of purchasing power wages one step further. For in a period of price increases living costs tend at first to lag behind the advance in the price level, which has followed in the wake of the end of the liquidity complex and deflation and the synthetic business and price recovery brought about since March of this year.

*To lift up and provide adequate purchasing power, we should adjust "real" wages to the moving trend of prices and living costs, else we shall be no more effective than trying to catch a train moving out of the station by aiming for where the back platform was when the train was standing still.* There has already occurred an advance of between 16% and 20% in certain comprehensive yet not too insensitive indices of wholesale prices. In general the cost of living changes about 6% for each 10% change in wholesale prices due to the inclusion of certain relatively stable and slowly varying elements. *It appears necessary then to anticipate and adjust for a rise of 10% in the cost of living, which as of May 1933 was 69% of 1929 taken as 100.* This gives the figure of \$13.21 as the requisite average weekly wages for unskilled male and female workers in Northern mills to produce now on a forty-hour week the purchasing power which they had on a forty-eight-hour week in 1929.

In applying this figure of \$13 as the prospective purchasing power parity of the 1929 wage income of the unskilled, consideration should be given to certain geographical differentials in accordance with the last sentence of Section 7 (c) of the Act. The differential between North and South has developed in part from the practice of furnishing housing at much less than cost, far more common in the South than in the North. Evidence under this head was submitted by Colonel G. Anderson of Macon, Georgia, whose figures indicate the saving per week per employee in a Southern mill village to be in the neighborhood of \$2 (T.H-M).

While there was some opposition to the differential as expressed particularly by Mr. F. C. Dumaine of Amoskeag (IIB), Mr. Robert Amory, representing the Northern part of the industry stated that the differential was conceded by the North as warranted, not on the basis of living costs, but on the basis of saving in rents, and that the proposed exemption of cleaners and outside help would further operate in favor of the South to meeting the difference where it is in excess of \$1, inasmuch as such help is now paid in the North considerably higher than the proposed minimum (IIH1-2).

Notwithstanding the probable original justification for the erection by employers of mill villages there is something feudal and repugnant to American principle in the practice of employer-ownership of employee homes. We must recognize existing realities, however, and it is therefore recommended that the existence of the regional differential of \$1 per week in the minimum wage between the North and South should be for the present accepted, but it is hoped that, with the creation of real industrial self government and improvement in the minimum wage, an impetus will be given by employers to independent home ownership eventually looking toward home ownership by em-



ployees and the conversion of the differential into a wage equivalent.

Applying the proposed minimum of \$13 for the North and \$12 for the South, to the wage distribution payrolls of typical mills, it has been calculated by the Division of Research that *the average mill wages throughout the country would be* increased about 30%, and hours reduced over 25%. This proposed minimum wage was in turn tested from the point of view of management by relating it to the "mill-margin," that is to say, to the difference between the *price* of finished cotton goods per pound and the *cost of raw materials* inclusive of power. Being partially subject to adjustment by management (as opposed to raw material costs which are determined by outside forces) the "mill-margin" (under given conditions of material costs) is some measure of the extent to which a wage increase is supportable.

While the proposed increased minimum wage and lower working hours will raise labor costs somewhat above the 50% ratio of wages to "mill-margin" that existed between 1923-1929, there has recently occurred a marked improvement in mill-margin back to conditions of profitable operations. Therefore the increased wages could now be absorbed with only a small increase in price to the consumer.

Our studies show, however, that any larger wage increase would require such a mark-up as might impair consumption and so react unfavorably on the President's whole re-employment policy. There is such a thing as taking too big a bite. This was an industry of low wages. We are increasing for certain mills unskilled rates enormously and total wage payments by about 20% and lowering hours over 25%. It is about the limit of present practicability. While it is not enough to produce the general effect at which we are aiming, as a practical matter, it should be accepted for the present. As general purchasing power increases and as the industry gets the benefits which it should reap from the wise self-government authorized under the code, further adjustments can be made.

Far from criticizing management for not proffering more at this time, the courage and cooperative spirit of this industry in coming forward ahead of all others is to be commended and, as will later be shown, these conclusions have the unanimous support and commendation of the whole Labor, Consumers' and Industrial Advisory groups of this Administration.

#### 4. *Exceptions of certain classes.*

The exception of low paid cleaners and outside employees from hour and wage provisions of the code were subjected to some criticism which seems legitimate (I-H-1; IV-E-1, ff.; compare III-O-5; IV-I-2 and 3; VI-C-7, ff.; II-G-1). The exception of learners for a six weeks period from the wage scale is open to possible abuse and must be watched in administration (IV-1-12; III-O-5; III-2-8, ff.; III-Q-1; IV-K-6).

The exception of office and supervisory staff from the hour provisions is inconsistent with the principle of the President's statement of June 16, 1933, which requires inclusion of the "white collar" class within all benefits of the Act, and an agreement (see p. —, *infra*) to remedy this defect was reached.

This code applies minimum wage provisions only to the lowest-paid classes of employees. The general theory is that the normal differentials in the higher grades of skilled labor will automatically be proportionately increased by economic pressure. Mr. William G. Batty, Secretary of the Massachusetts Textile Council, however, argued very



persuasively that definite specifications for each pay grade are necessary to protect the higher classification of workers receiving more than the minimum code scales (III-A-5, ff.), but the administrative difficulty of promptly developing such scales is sufficient reason for not including them at this time. It is believed, however, that the President's approval should be conditioned on the understanding that existing differentials in the higher-paid grades shall be maintained (III-Q-7).

The exception of repair shop crews, engineers, electricians, firemen, shipping and watching crews from the hour scale is subject to criticism which would be removed if such workers are guaranteed time and a half for overtime (III-S-1) (memorandum of Joseph S. McDonald), and it is recommended that approval be so conditioned.

It is recommended that the President direct the planning agency of the industry provided for in the code, to consider and submit a scale of hours and wages for cleaners and outside help and to devise means for so administering the provisions excepting learners as to avoid abuses.

It is further recommended that the President's approval include a condition that the resolution, passed at a meeting of the Cotton Textile Industry Committee, held on June 30, 1933, to include office employees within the hour provisions of the code shall be carried into effect.

5. *Concessions in original proposals obtained during the hearing.*—(Child Labor—Increased Minimum—Stretch-out).

Increases in the \$10 and \$11 wage scales originally proposed to \$12 and \$13, and the elimination of child labor, were provided for in amendments adopted during the hearing.

Of course, the most dramatic and significant development was the voluntary proposal by the industry to abolish child labor. This resulted less from the hearings than from the intendments of the Act itself. This resulted from the President's own concept that a minimum wage applied without distinction as to age would automatically eliminate child labor and it did. The reason why this ancient atrocity could be so easily killed, notwithstanding its tenacity of life against 25 years of attack, was also intrinsic in the President's idea that employers would be glad to do much by general agreement that no single employer would dare to do separately.

6. *Planning and Supervisory Agency.*—A planning and fair practice agency was provided for in an amendment which is now section 6 of the Code, adopted and submitted by the industry towards the end of the hearing along with other amendments, chief of which were the child labor provisions and the increases in the proposed minimum wage. While these proposals were advanced too late for complete public discussion, no objections to their inclusion have come in from any of the interested parties. There has been some newspaper criticism on permitting new matter so late in the hearing. This springs from a misconception of the nature of this procedure. It is an administrative process to arrive at a just result. It is not an adversary judicial trial. The amendments were all in the public interest. This method will be continued.

Section 6 was included at the instance of the Administration and with the active collaboration of our Division of Research and Planning (VI-D). It is a series of permissive powers and directions for industrial administration. It sets up a committee for industrial self



government. The creation of such a planning agency for the continuous collaboration of the industry with the Administration is an application to an individual industry of the industrial planning and research agency provided under Section 2 (b) of the Act for effectuating the policies of the Act and is an intrinsic and necessary part of these policies.

Recurring reference in the course of this report has been made to the plight of the industry even in the prosperity years prior to the depression. Comparisons between that industry and general manufacturing and business contained in the accompanying economic report bear ample testimony to the need of rational control of production and balancing with consumption, the more pressing because of overcapacity of this staple industry as a byproduct of war expansion, of cut-throat competition from within, and the competition of substitute products from without.

Broadly, the industry proposes an economic clearing house for the development of statistical accounting and economic controls which will aid its members in the conduct of their individual business production and distribution, and (through a service bureau for engineering, accounting, and credit) aid more especially the smaller mills in meeting the emergency and the requirements of the Code. As a supplement to this, it projects the development of an open trading association through which, as in the case of commodity exchanges, prices and terms of trading would be reported by all companies with a view to avoid and eliminate unfair and destructive competitive prices and practices. It further proposes to fashion instruments of self-government for dealing with the problems of overcapacity and overproduction by subjecting the installation of additional productive machinery to its scrutiny and the approval or disapproval of the Administration, at the same time allowing for flexibility of control over machinery through recommendations to the Administration for changes in or exemptions from limitation upon machinery hours when the interest of the industry and the public render it necessary. Finally, mindful of the importance of credit in furthering economic stability, it proposes a cooperation with the banking and credit systems to advise them of the actual functioning of the Code and the operations of its members, to the end that available credit be adapted to the needs of the industry considered as a whole and the needs of the small as well as the large units.

The foregoing and other listed functions of the Planning and Fair Practice Agency are thus placed within framework in which the common interests in stabilization of profitable activity and employment at adequate wages can be brought into focus in practice. It remains to provide the framework for cooperation on the part of this agency with the Administration to which it is to make recommendations which, when approved by the Administration, have the same force and effect as provisions of the Code.

For the purpose of permitting the development of cooperative planning and rational self-government in this industry, as in other industries, and for the purpose of protecting the public interest, it is recommended that Section VI of the Code be approved with the condition that the Administrator shall appoint a committee of three, one representing labor in the cotton textile industry, one representing the owners and managers of the industry, and one representing the Ad-



ministration of the Recovery Act, to act with such agency in supervising the execution of the Code and in promoting the purposes defined by Section 6 for the effectuation of the policy of the Recovery Act.

Other provisions of the code were not subjected to controversy; were found advisable in the Administration's own analysis, and their approval is recommended.

7. *Suggested Conditions on Approval.*

For obvious reasons, it is recommended that the following conditions be imposed on approval of the cotton textile code:

(a) *Maximum hours to apply to particular persons.*—It is interpreted that the provisions for maximum hours established 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.

(b) *Piece work not to frustrate the code.*—It is interpreted that 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. This is to avoid frustration of the purpose of the code by changing from hour to piece-work rules.

(c) *"Stretch-outs" to be held in abeyance.*—Until adoption of further provisions of this Code necessary to prevent any improper speeding up of work to the disadvantage of employees ("stretch-outs") and in a manner destructive of the purposes of the National Industrial Recovery Act, it is required that any and all increases in the amount of work or production required of employees over that required on July 1, 1933, must be submitted to and approved by the agency created by section VI of the code and by the Administration and if not so submitted such increases will be regarded as a prima facie violation of the provision for minimum wages.

(d) *Nonsignatories to be given a hearing.*—Opportunity shall be given for administrative consideration of every application of the Code in particular instances to any person directly affected who has not in person or by a representative consented and agreed to the terms of the code. Any such person shall be given an opportunity for a hearing before the Administrator or his representative, and for a stay of the application to him of any provision of the code, prior to incurring any liability to the enforcement of the Code against him by any of the means provided in the National Industrial Recovery Act. At such hearing any objection to the application of the Code in the specific circumstances may be presented and will be heard.

(e) *Temporary approval.*—The existing condition in the Cotton Textile industry is not static. It may change very quickly. This is the first Code and is frankly experimental. Its approval should be limited to a four months' period with the right to ask for a modification at any time and subject to a request for renewal for another four months at any time before its expiration.

The attention of the President is called to the provision of Section I of the code, by virtue of which approval of the Code on or before Sunday, July 9, will make it effective on Monday, July 17.

Respectfully submitted,

HUGH S. JOHNSON,  
Administrator.



## LIST OF WITNESSES

- Mr. George A. Sloan, President, Cotton Textile Institute, Inc.  
Mr. Robert Amory, President, Nashua Manufacturing Company.  
Mr. William D. Anderson, President, Bibb Manufacturing Company.  
Mr. F. C. Dumaine, Amoskeag, Manufacturing Co.  
Senator James F. Byrnes, South Carolina.  
Mr. Harry P. Kendall, The Kendall Company.  
Mr. B. D. Gordon, representing four hosiery knitting mills.  
Mr. F. A. Seiberling, representing 20 independent tire manufacturers.  
Mr. E. J. McMillan, President, American Knitwear Manufacturers Association.  
Mr. Thomas McMahon, President, United Textile Workers of America.  
Mr. W. E. G. Batty, Secretary, New Bedford Textile Council.  
Mr. C. A. Stillman, Vice President, Goodyear Tire and Rubber Company, speaking for Goodyear Tire and Rubber Co., Goodrich Rubber Co., Firestone Tire and Rubber Co.; and U.S. Rubber Company.  
Mr. S. Gottschall, National Upholstery and Drapery Textile Association.  
Mr. Russell E. Watson, representing Johnson & Johnson.  
Senator Hugo L. Black, of Alabama.  
Mr. John Frey, Metal Trades Department, American Federation of Labor.  
Mr. Sidney Hillman, President, Amalgamated Clothing Workers.  
Miss Lucy R. Mason, General Secretary, National Consumers League.  
Miss Margaret Wiseman, Executive Secretary, Consumers League of Massachusetts.  
Miss June Croll, National Textile Workers Union.  
Mr. William Green, President, American Federation of Labor.  
Mr. John P. Davis, Executive Secretary, Negro Industrial League.  
Mr. John L. Barry, New Hampshire Federation of Labor.  
Miss Maud Younger, Chairman, National Women's Party.  
Mr. Flint Garrison, Director, Wholesale Dry Goods Institute.  
Mr. T. M. Marchant, President, American Association of Cotton Manufacturers.  
Mr. H. J. Carr, General Vice President, International Association of Machinists.  
Mr. Joseph S. McDonagh, International Brotherhood of Electrical Workers.  
Mr. Robert R. West, President, Riverside and Dan River Cotton Mills.  
Mr. Stuart W. Cramer, President, Cramerton Mills, Inc.  
Mr. Courtenay Dinwiddie.



## CODE OF FAIR COMPETITION FOR THE COTTON TEXTILE INDUSTRY

To effectuate the policy of Title I of the National Industrial Recovery Act, during the period of the emergency, by reducing and relieving unemployment, improving the standards of labor, eliminating competitive practices destructive of the interests of the public, employees, and employers, relieving the disastrous effects of overcapacity, and otherwise rehabilitating the cotton textile industry and by increasing the consumption of industrial and agricultural products by increasing purchasing power, and in other respects, the following provisions are established as a code of fair competition for the cotton textile industry:

I. *Definitions.*—The term “cotton textile industry” as used herein is defined to mean the manufacture of cotton yarn and/or cotton woven fabrics, whether as a final process or as a part of a larger or further process. The term “employees” as used herein shall include all persons employed in the conduct of such operations. The term “productive machinery” as used herein is defined to mean spinning spindles and/or looms. The term “effective date” as used herein is defined to be July 17, 1933, or if this code shall not have been approved by the President two weeks prior thereto, then the second Monday after such approval. The term “persons” shall include natural persons, partnerships, associations, and corporations.

II. On and after the effective date, the minimum wage that shall be paid by employers in the cotton textile industry to any of their employees—except learners during a six-weeks’ apprenticeship, cleaners, and outside employees—shall be at the rate of \$12 per week when employed in the Southern section of the industry and at the rate of \$13 per week when employed in the Northern section for 40 hours of labor.

III. On and after the effective date, employers in the cotton textile industry shall not operate on a schedule of hours of labor for their employees—except repair shop crews, engineers, electricians, firemen, office and supervisory staff, shipping, watching and outside crews, and cleaners—in excess of 40 hours per week and they shall not operate productive machinery in the cotton textile industry for more than 2 shifts of 40 hours each per week.

IV. On and after the effective date, employers in the cotton textile industry shall not employ any minor under the age of 16 years.

V. 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 cotton textile industry is taking appropriate steps to effectuate the declared policy of the National Industrial Recovery Act, each person engaged in the cotton textile industry will furnish duly certified reports in substance as follows and in such form as may hereafter be provided:



(a) *Wages and hours of labor.*—Returns every four weeks showing actual hours worked by the various occupational groups of employees and minimum weekly rates of wage.

(b) *Machinery data.*—In the case of mills having no looms, returns should be made every four weeks showing the number of spinning spindles in place, the number of spinning spindles actually operating each week, the number of shifts, and the total number of spindle hours each week. In the case of mills having no spinning spindles, returns every four weeks showing the number of looms in place, the number of looms actually operated each week, the number of shifts and the total number of loom hours each week. In the case of mills that have spinning spindles and looms, returns every four weeks showing the number of spinning spindles and looms in place; the number of spinning spindles and looms actually operated each week, the number of shifts, and the total number of spindle hours and loom hours each week.

(c) *Reports of production, stocks, and orders.*—Weekly returns showing Production in terms of the commonly used unit, i.e. linear yards, or pounds or pieces; stocks on hand both sold and unsold stated in the same terms and Unfilled Orders stated also in the same terms. These returns are to be confined to staple constructions and broad divisions of cotton textiles. The Cotton-Textile Institute, Inc., 320 Broadway, New York City, is constituted the agency to collect and receive such reports.

VI. To further effectuate the policies of the Act, the Cotton Textile Industry Committee, the applicants herein, or such successor committee or committees as may hereafter be constituted by the action of the Cotton Textile Institute, the American Cotton Manufacturers Association, and the National Association of Cotton Manufacturers, is set up to cooperate with the Administrator as a planning and fair-practice agency for the cotton textile industry. Such agency 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, and in particular along the following lines:

1. Recommendations as to the requirements by the Administrator of such further reports from persons engaged in the cotton textile industry of statistical information and keeping of uniform accounts as may be required to secure the proper observance of the code and promote the proper balancing of production and consumption and the stabilization of the industry and employment.

2. Recommendations for the setting up of a service bureau for engineering, accounting, credit, and other purposes to aid the smaller mills in meeting the conditions of the emergency and the requirements of this code.

3. Recommendations (1) for the requirement by the Administrator of registration by persons engaged in the cotton textile industry of their productive machinery, (2) for the requirement by the Administrator that prior to the installation of additional productive machinery by persons engaged or engaging in the cotton textile industry, except for the replacement of a similar number of existing looms or spindles or to bring the operation of existing productive machinery into balance, such persons shall secure certificates that such installation will be



consistent with effectuating the policy of the National Industrial Recovery Act during the period of the emergency, and (3) for the granting or withholding by the Administrator of such certificates if so required by him.

4. Recommendations for changes in, or exemptions from the provisions of this code as to the working hours of machinery which will tend to preserve a balance of productive activity with consumption requirements, so that the interests of the industry and the public may be properly served.

5. Recommendations for the making of requirements by the Administrator as to practices by persons engaged in the cotton textile industry as to methods and conditions of trading, the naming and reporting of prices which may be appropriate to avoid discrimination, to promote the stabilization of the industry, to prevent and eliminate unfair and destructive competitive prices and practices.

6. Recommendations 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.

7. Recommendations as to the making available to the suppliers of credit to those engaged in the industry of information regarding terms of, and actual functioning of any or all of the provisions of the code, the conditions of the industry and regarding the operations of any and all of the members of the industry covered by such code to the end that during the period of emergency available credit may be adapted to the needs of such industry considered as a whole and to the needs of the small as well as to the large units.

8. Recommendations for dealing with any inequalities that may otherwise arise to endanger the stability of the industry and of production and employment.

Such recommendations, when approved by the Administrator, shall have the same force and effect as any other provisions of this code.

Such agency is also set up to cooperate with the Administrator in making investigations as to the functioning and observance of any of the provisions of this Code, at its own instance or on complaint by any person affected, and to report the same to the Administrator.

Such agency is also set up for the purpose of investigating and informing the Administrator on behalf of the Cotton Textile Industry as to the importation of competitive articles into the United States in substantial quantities or 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 as an agency for making complaint to the President on behalf of the Cotton Textile Industry, under the provisions of the National Industrial Recovery Act, with respect thereto.

VII. Where the costs of executing contracts entered into in the Cotton Textile 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 Cotton Textile Industry Committee, the applicant for this Code, is constituted an agency to assist in effecting such adjustments.



VIII. Employers in the Cotton Textile Industry shall comply with the requirements of the National Industrial Recovery Act as follows: "(1) 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; (2) 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 (3) 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."

IX. 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.

X. 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 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 hereof.



## EXECUTIVE ORDERS APPLYING PROVISIONS OF THE COTTON TEXTILE CODE TO OTHER INDUSTRIES

EXECUTIVE ORDER, JULY 15, 1933

In supplement to an application filed for approval of a code of fair competition for the rayon weaving industry, the applicants have requested immediate approval of certain provisions, and after due consideration, acting under the Provisions of the National Industrial Recovery Act, I agree with the applicants who have filed said code for the rayon weaving industry, that the provisions of section V, paragraphs A, B, D and E, which are identical with corresponding provisions in the Cotton Textile Code, approved by me July 9, 1933, should be made effective on July 17, 1933, which is the effective date of the Cotton Textile Code, and I hereby approve of said provisions of said code for the rayon weaving industry subject to the interpretation and conditions imposed by me on my approval of the corresponding provisions of said Cotton Textile Code, and subject further to such revision or modification as I may find proper after a hearing has been held on said code of fair competition for the rayon weaving industry, now set for July 25, 1933.

EXECUTIVE ORDER, JULY 15, 1933

In supplement to an application filed for approval of a Code of Fair Competition for the Throwing Industry, the applicants have requested immediate approval of certain provisions of said Code, with amendments thereto, and after due consideration, acting under the Provisions of the National Industrial Recovery Act, I agree with the applicants who have filed said Code for the Throwing Industry that the provisions of Sections III, IV, V, IX which, as amended, are identical with corresponding provisions in the Cotton Textile Code, approved by me July 9, 1933, should be made effective as amended on July 17, 1933, which is the effective date of the Cotton Textile Code, and I therefore hereby approve of said provisions of said Code for the Throwing Industry, as amended, subject to the interpretations and conditions imposed by me on my approval of the corresponding provisions of said Cotton Textile Code and subject further to such revisions or modifications as I may find proper after a hearing has been held on such Code of Fair Competition for the Throwing Industry, now set for July 25, 1933.

EXECUTIVE ORDER, JULY 15, 1933

In supplement to an application filed for approval of a Code of Fair Competition for the Cotton Thread Industry, the applicants have requested immediate approval of certain provisions, and after due consideration, acting under the provisions of the National Industrial Recovery Act, I agree with the applicants who have filed



said Code for the Cotton Thread Industry that the provisions of Title 2, Paragraphs 5 and 6 and the provisions of Title 3, paragraphs 4 and 5, which are identical with corresponding provisions in the Cotton Textile Code, approved by me July 9, 1933, should be made effective on July 17, 1933, which is the effective date of the Cotton Textile Code, and I therefore hereby approve of said provisions of said Code for the Cotton Thread Industry subject to the interpretations and conditions imposed by me on my approval of the corresponding provisions of said Cotton Textile Code and subject further to such revisions or modifications as I may find proper after a hearing has been held on said Code of Fair Competition for the Cotton Thread Industry.

#### EXECUTIVE ORDER, JULY 15, 1933

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 Silk Association of America,

I agree with the Committee representing the Broad Silk and Rayon Weavers Division, the Converters Division, the Special Fabrics Division, the Ribbon Division, and the Woven Label Division, of the Silk Association of America, that they shall be bound beginning July 17 by the provisions of the Cotton Textile Industry Code as set forth in the telegram, dated July 14, offering this agreement to the President of the United States, pursuant to Section 4 of the National Recovery Act, which telegram is signed by Henry E. Stehli, James C. Black, Paul C. Debry, Sol C. Moss, Ramsay Peugnet, George G. Sommaripa, and addressed to Mr. Nelson Slater, Deputy Administrator, Department of Commerce, Washington, D.C., with the express understanding that this agreement is subject to cancellation at any time without notice.

#### EXECUTIVE ORDER, JULY 15, 1933

A Code of Fair Competition for the Cotton Textile Industry has been heretofore approved by Order of the President dated July 9, 1933, on certain conditions set forth in such order. The applicants for said Code have now requested the withdrawal of condition 12 of said order providing for the termination of approval at the end of four months unless expressly renewed, have accepted certain other conditions, have proposed amendments to the Code to effectuate the intent of the remaining conditions, and have requested that final approval be given to the Code as so amended and on such conditions.

Pursuant to the authority vested in me by Title I of the National Industrial Recovery Act, approved June 16, 1933, on the report and recommendation of the Administrator and on consideration.

It is ordered that the condition heretofore imposed as to the termination of approval of the Code is now withdrawn and that the Code of Fair Competition for the Cotton Textile Industry is finally approved with the conditions so accepted and with the amendments so proposed, as set forth in Schedule A attached hereto.



## SCHEDULE A

### APPLICATION TO THE PRESIDENT BY THE COTTON TEXTILE INDUSTRY COMMITTEE FOR FINAL APPROVAL OF CODE OF FAIR COMPETITION FOR THE COTTON TEXTILE INDUSTRY

The Cotton Textile Industry Committee, the applicant for the approval of the Code of Fair Competition for the Cotton Textile Industry, submitted for the approval of the President June 16, 1933, and as revised June 30, 1933, accepts the interpretations and conditions to the approval thereof set forth in paragraphs 1, 3, 7, 8, 9, and 13 of the order of the President dated July 9, 1933, and asks the approval of the President to the following amendments to such code as properly complying with and effectuating the conditions provided for in paragraphs 2, 4, 5, 6, 10, and 11 of said order of approval, and asks for the final approval by the President of the Code of Fair Competition for the Cotton Textile Industry as so amended, and on the conditions so accepted and with the omission of the condition in paragraph 12 of such order as to the termination of the approval at the end of four months.

1. It shall be one of the functions of the Planning and Fair Practice Agency provided for in Section 6 of the Code to consider the question of plans for eventual employee ownership of homes in mill villages and submit to the Recovery Administration prior to January 1, 1934, its report in the matter.

2. On and after July 31, 1933, the maximum hours of labor for office employees in the Cotton Textile Industry shall be an average of forty hours a week over each period of six months.

3. The amount of differences existing prior to July 17, 1933, between the wage rates paid various classes of employees (receiving more than the established minimum wage) shall not be decreased—in no event, however, shall any employer pay any employee a wage rate which will yield a less wage for a work week of 40 hours than such employee was receiving for the same class of work for the longer week of 48 hours or more prevailing prior to July 17, 1933. It shall be a function of the Planning and Fair Practice Agency provided for in Paragraph 6 of the Code to observe the operation of these provisions and recommend such further provisions as experience may indicate to be appropriate to effectuate their purposes.

4. On and after the effective date the maximum hours of labor of repair shop crews, engineers, electricians and watching crews in the Cotton Textile Industry shall, except in case of emergency work, be forty hours a week with a tolerance of 10 percent. Any emergency time in any mill shall be reported monthly to the Planning and Fair Practice Agency provided for in Paragraph 6 of the Code, through the Cotton-Textile Institute.

5. Until adoption of further provisions of this Code that may prove necessary to prevent any improper speeding up of work (stretch-outs), no employee of any mill in the Cotton Textile Industry 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 Agency created by Section 6 of the Code and by the National Recovery Administration.

6. This Code shall be in operation on and after the effective date as to the whole cotton textile industry except as an exemption from or a stay of the application of its provisions may be granted by the Administrator to a person applying for the same or except as provided in an executive order. No distinction shall be made in such exemptions between persons who have and have not joined in applying for the approval of this Code.

Respectfully submitted.

THE COTTON TEXTILE INDUSTRY COMMITTEE,  
GEORGE A. SLOAN, *Chairman*.

DATED JULY 15, 1933.



## AMENDMENT TO CODE OF FAIR COMPETITION FOR THE COTTON TEXTILE INDUSTRY

XVII. To make proper provision with regard to the stretch-out (or specialization) system or any other problem of working conditions in the Cotton Textile Industry, it is provided:

1. There shall be constituted by appointment of the Administrator a Cotton Textile National Industrial Relations Board, to be composed of three members, one to be nominated by the Cotton Textile Industry Committee to represent the employers, one to be nominated by the Labor Advisory Board of the National Recovery Administration to represent the employees, and a third to be selected by the Administrator. This National Board shall be provided by the National Recovery Administration with a per diem for actual days engaged in its work and with such secretarial and expert technical assistance as it may require in the performance of its duties.

2. The Administrator, upon the nomination of the Cotton Textile National Industrial Relations Board shall appoint in each state in which the cotton textile industry operates a State Cotton Textile Industrial Relations Board composed of three members, one of whom shall be selected from the employers of the cotton textile industry, one from the employees of the cotton textile industry, and a third to represent the public.

3. Whenever, in any cotton textile mill, a controversy shall arise between employer and employees as to the stretch-out (or specialization) system or any other problem of working conditions, the employer and the employees may establish in such mill an Industrial Relations Committee chosen from the management and the employees of the mill and on which the employer and the employees shall have equal representation of not more than three representatives each. If such a committee is not otherwise established, the employer or the employee, or both, may apply to the State Industrial Relations Board for assistance and cooperation in the establishment in such mill of such industrial relations committee. The term of service of each such mill committee shall be limited to the adjustment of such controversy or problem of working conditions for the adjustment of which the committee was created.

If the representatives of the employers and of the employees in such industrial relations committee are unable to arrive at an agreement and united action with respect to such differences of opinion, the representatives of the employers or of the employees, or both, may appeal to the State Industrial Relations Board for cooperation and assistance in arriving at an agreement and united action.

It shall be the duty of such Industrial Relations Committee to endeavor to adjust such controversy. In cases where such committee reaches agreement with respect to any such controversy, such agreement shall be final except that it shall be submitted to the Cotton Textile National Industrial Relations Board for review and approval under such regulations as such National Board may establish.

This provision for such industrial relations committee within the particular mills shall be without prejudice to the freedom of association of employees and the other provisions of Section 7, of the Industrial Recovery Act.

4. It shall be the duty of the State Industrial Relations Board, where their assistance is requested, as provided in subsection 3, to cooperate with employers and employees in organizing industrial-relations committees in individual cotton textile mills and to cooperate with such committees in the development of conference procedures and in the adjustment of differences of opinion with respect to the operation or introduction of the stretch-out system and other problems of working conditions.

In the event that the State Industrial Relations Board is unable to bring about agreement and united action of labor and management in a controversy so appealed to it, such State Industrial Relations Board shall present the controversy to the National Industrial Relations Board for hearing and final adjustment.

5. The National Industrial Relations Board shall hear and finally determine all such questions brought before it on appeal by the State Industrial Relations Boards and certify its decisions to the Administrator and shall have authority to codify the experience of the industrial-relations committees of the various mills and state boards with a view to establishing standards of general practice with respect to the stretch-out (or specialization) system or other problems of working conditions.











