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Vanishing Wages

By
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A lowered price level means a lowered wage scale. The manner in which sweated labor is returning to American industry as an evil consequent upon the depression is described by Mrs. Bromley, who contributed "What Does France Want?" to a recent issue of NEW OUTLOOK.

A NUMBER of the country's ablest economists were sitting recently in round-table conference. One of them had just thrown out a startling question. "What do you predict, gentlemen," he had asked, "if wages and prices keep on chasing each other down hill? . . . You know what is happening. First wages are cut, then buying falls off, then prices are slashed still further to attract trade, wages are reduced again to pare down the costs of production at the lower price level, buying falls off still more, and so the downward spiral goes on and on. Is there any obvious bottom? Or are we headed for a complete breakdown of our economic system?"

The answers he got were hardly reassuring. "Assuming that the law of economic cause and effect is not interfered with," the oldest and most experienced of the group declared slowly, "it is not inconceivable that we shall eventually reach the point where every person in the country will be out of employment."

"If we pull out of the mess we're in," one of the others remarked sardonically, "it will be a matter of luck. Another war, for instance, would do the trick and send prices up."

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Few of us look into the future as dispassionately as the economists do. Just as most people, up until 1914, believed that a world war was an unthinkable cataclysm, so do most of us today discount all prophesies of a complete economic breakdown. But our prayers and curses will do us no good. These so-called captains of industry who we had thought to be superhuman, are mere mortals. They, too, are caught in the cyclonic downward whirl which threatens to engulf us all.

If we are fatuous optimists it is because we have only a vague idea of how appalling the situation is. We have read a great deal about the return of the garment sweatshop of fifty years ago, with the same abominable working conditions and the same exploitation of women and children for a few cents an hour, or for no pay at all. But these women and children factory workers, according to the 1930 census, numbered only 2,639,597 out of a total of 48,829,920 people who then were gainfully employed in the United States. What of the great remainder of the working population? How many of them are "toiling with little return?" to quote President Roosevelt.

The American Federation of Labor could have found no better way to justify its claim to leadership than by making a thoroughgoing study of wage cuts among unorganized as well as organized workers of both sexes. But it has made no such study; neither did the Department of Labor under Mr. Doak. Our confusion about the actual state of wages, therefore, is only equalled by our confusion about the actual number of unemployed. And our confusion becomes worse confounded when we discover that the scattered data put out by various public agencies presents conflicting evidence.

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The Department of Labor has from time to time published statistics in the Monthly Labor Review, showing that wage cuts in specified manufacturing industries have amounted to no more than 20% since 1930, or the same as the drop in the cost of living since 1929. Figures from the National Industrial Conference Board on 21 major manufacturing industries are still more reassuring, for they reflect only a 10% cut in the hourly rate since 1930. Yet the very fact that their current wage rates in the hosiery, boot and shoe, and woolen industries are higher than the Department of Labor's, shows how the picture changes, depending upon the group of factories that are selected for inquiry. Then again, the Department's brochure on union wage scales, showing $1 an hour as the rate for hod-carriers in Philadelphia, is hardly consistent with a bottom wage of 7 cents an hour in general contracting, which is quoted in the Pennsylvania Department of Labor's Bulletin.

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There is good reason to believe that all the statistics of a national character which have been published, are too favorable. They do not check with actual conditions.

To get a picture of wages we shall have to think in terms of occupations. According to the 1930 Census, the country's gainful workers were divided as follows:

Agriculture (including 4,459,986 farm laborers)	10,471,998
Forestry and Fishing	250,469
Manufacturing and the Mechanical Industries	14,110,652
Extraction of Minerals (including 621,661 coal miners)	984,323
Transportation and Communication (including 949,733 railroad workers)	3,843,147
Trade (including 610,679 in retail trade)	6,081,467
Public Services	856,205
Professional Services	3,253,884
Clerical Occupations	4,025,324
Domestic and Personal Service (including 2,715,564 domestic servants)	4,952,451

Little need be said of the wages being paid in agriculture, the most bankrupt of all our industries. In 1929 New York farm laborers were paid $49.25 and their keep. Today they are being offered $15 a month and their living, and there are instances of wages being paid as low as $5 a month.

In the most depressed of the manufacturing and mechanical industries, weekly earnings are running very low, as even the Department of Labor's figures show. In iron and steel they average $11.52, or 63% less than in 1929; in cottongoods, $9.36, or 39% less; in men's clothing, $11.27, or 51% less; in shirts and collars, $9.95, or 38% less; and in lumber and sawmills, $11.49, or 45% less. If you consider that the index of the cost of living has dropped only 20% since 1929, you will see how little purchasing power remains to the workers in these industries.

It is true that these average weekly earnings represent in some instances a shorter work week than in 1929. In the steel industry, for instance, the number of days worked per week have been radically cut down. At the same time we know that the United States Steel Corporation has made two wage cuts, a 10% cut in October 1931, and a 15% in May 1932, which brought the basic rate down to 34 cents an hour. Their first cut served as a signal, not only for other steel companies, but for industry in general, to ignore President Hoover's protests and start slashing wages.

Hourly wage rates tell the most significant story of all. Wages for unskilled male labor, as shown by the following table, have in some instances sunk almost as low as the wages of women sweatshop workers.

Industry	*Rate per hour July 1932* *High*	*Low*
Automobile	75 *cents*	30 *cents*
Brick, tile and terra cotta	60 "	6 "
Cement	40 "	20 "
Electrical machinery	50 "	26 "
Foundry and machine shop	55 "	15 "
Iron and steel	45 "	15.5 "
Leather	55 "	15 "
Sawmills	62.5 "	5 "
Public utilities	75 "	15 "
General contracting	$1.00	7.5 "

(From the Pennsylvania Department of Labor Bulletin.)

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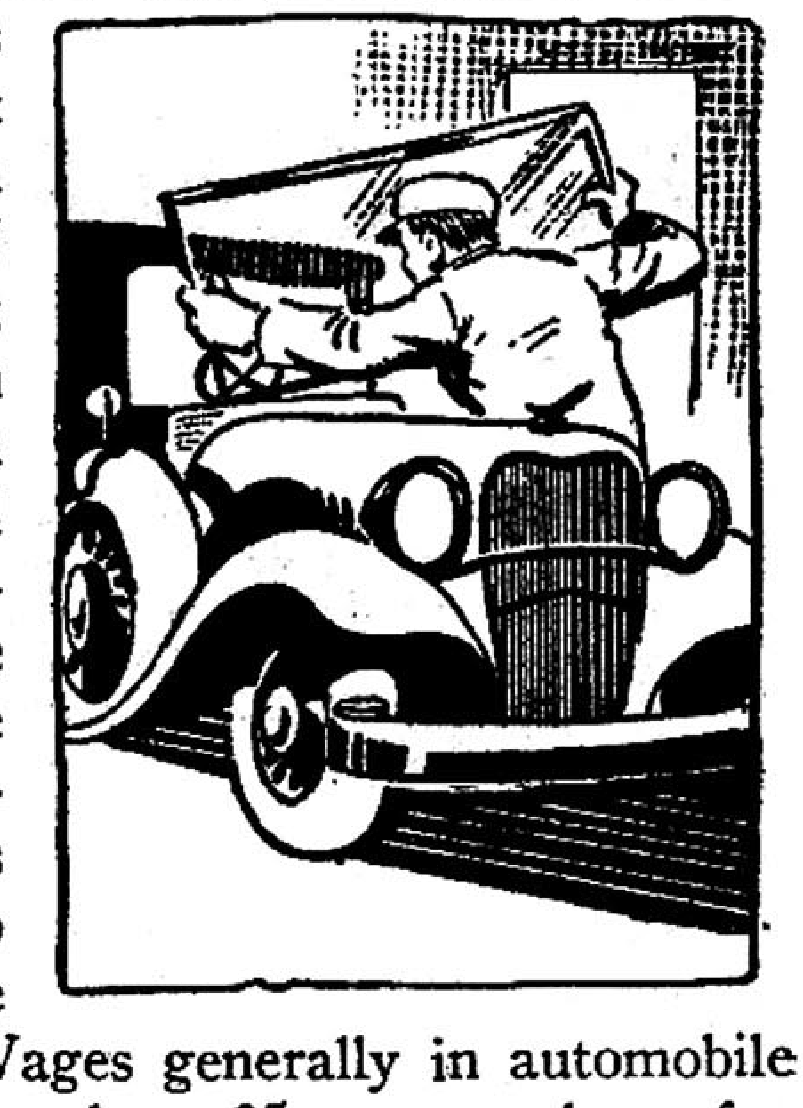
Getting down to specific industries, we find that the published statistics are decidedly roseate. Take the automobile industry. The National Industrial Conference Board would have us believe that automobile workers were earning on an average of $.573 an hour, or $21.76 a week in December, 1932, or only 1 cent an hour less than in 1930. Yet 6,000 workers in the Briggs Body Manufacturing plant in Detroit recently struck against sweatshop conditions and wages that ran as low as $0.10 an hour for men and 4 and 5 cents for women. Nothing was paid the workers for "dead time" spent waiting on the job, or in going from one part of the factory to another; and a piece-work system was in effect under which a group of workers would have to upholster an entire seat properly before any one of them would be paid. The company finally offered the workers $0.25 an hour and no more piece-work and the plant is running again. Wages generally in automobile factories in Detroit average about 35 cents an hour for men and 20 cents for women, or 50% less than in 1929.



Look next at the canning industry. The Department of Labor reports that the average hourly rate for men and women in 1932 was $.344 an hour. It would be interesting to know where Mr. Doak has been getting his figures. For the Consumers' League of New York found last summer that 39 out of 43 factories were paying men workers from $.10 to $.20 an hour, and that 71% of the group were paying women $.12½ an hour or less.

In the textile industry the discrepancy in the figures is just as great. The Department of Labor reports a current hourly rate of $.266; yet the Consumers' League hears that mills in North Carolina and Virginia are paying as little as 10 and 12½ cents an hour, and that men with families earn $6 a week, while boys work a 60-hour week for $3.95. Cotton spinners in Alabama work 12 hours a day for $5—$6 a week; in Tennessee workers earn as little as $2.50 a week. Many more women are employed than formerly, and their wages run as low as $2.39 for a full 50-hour week.

If wages have not stayed up in the highly organized building trades they have probably stayed up nowhere. The Department of Labor reports a reduction of about 10% in the principal time-work trades, but a check-up of the labor market shows that the union scale is no longer setting the standard. Union painters are supposed to be earning $9.76 a day; yet a representative group of painters in New York earned from $4.67 o $6.68 a day in 1932, and are now being offered $2.50-$3.00 a day. For electricians the rate is $13.20 a day, but employers are offering from $6.35 to $4.77 a day, or just half the union scale.

Cuts have been even deeper in the miscellaneous trades as the following figures of average earnings show:

	Pre-depression Rate	1932 *Rate*
Stationary engineers..	$75.00 *a week*	$30.53 *a week*
Cabinet makers	13.20 *a day*	34.34 " "
Automobile mechanics	23.15 *a week*	2.50 *a day*
Tool and die makers	50—60 " "	30.00 *a week*
Polishers and buffers..	35—40 " "	16.50 " "
Foot power-press operators	16—18 " "	12.17 " "

The remaining large groups of workers, exclusive of government, state, and city employees, who ought to be considered in this wage-study, are the railroad workers, coal miners, clerks in retail stores, and domestic servants.

The 949,733 railroad workers, being the best-organized group in the country, have come off well and have so far taken only a 10% wage cut.

The coal-miners, on the other hand, are in a desperate condition, except for the comparatively small group of 142,801 anthracite miners in Pennsylvania. There they have held their own since the United Mine Workers are still strong in that district. The much larger group of 458,732 bituminous miners, both north and south of the Ohio River, have been battling against low wages ever

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since the Jacksonville agreement breakdown in 1928.

Clerks in retail stores have had their earnings seriously reduced. One of New York's largest stores pays "part-time" workers on duty from noon until 7 p.m., $7—$10 a week. The same store pays 8½ cents for 2 hours' overtime. From the South come reports of stores that are paying a commission on sales in place of wages, and in Chicago one of the fine candy and tea-rooms is paying $5 a week for two weeks' work.

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More important numerically are the clerical workers, who form the third largest group in our employed population. The big concerns in New York have cut salaries from 10 to 33⅓%, but the smaller firms and offices have gone much further. A study of the wages of 141 women working in offices, made by the Consumers' League, shows an average weekly wage of $11.39. The present market price for a first-rate stenographer is now $16 as compared with $35 and $45 in pre-depression days in New York. Many employers are offering $5, $8, and $10 a week to office-workers and stenographers. A lawyer recently put in an order for an expert typist with a knowledge of German, at $8 a week. A man who is noted for his public spirit engaged a college girl who had formerly earned $110 a month to take his dictation and handle his telephone calls for $15 a week.

Servants are even worse off than the clerical workers, for the supply is now so much greater than the demand, that a housewife can have a servant for any price that she is willing to pay. Trained maids who formerly earned $16—$20 a week in New York are lucky now to get $40 a month. Many others are working for $15 or $20 a month, doing all the cooking, cleaning, and laundry work for good-sized families. Some housewives are paying young girls nothing at all, only giving them "a good home."

All the available evidence goes to show that there is not a single large group of workers in the country, with the exception of the railroad men, whose wages have not been slashed, and whose buying power has not been reduced out of all proportion to the fall in the cost of living. Deep wage cuts, furthermore, have had the vicious effect of increasing unemployment. Instead of taking on more help, employers are lengthening hours, sometimes to 72 and 85 hours in the manufacturing industries, and the workers, thankful for a few cents extra pay to eke out their living costs, make no complaint. They know that if they object they will join the army of the 14 million unemployed. If the unemployed were paid a dole, as they are in England, they could refuse to work unconscionable hours for less than a fair return.

It is characteristic of our depression psychology that we should think any sort of a job is better than no job at all—at least for other people. In a small city in Pennsylvania the Chamber of Commerce in their innocence not long ago paid a bonus of $1,000 in cash, gave free rent, light, and heat to a suitcase manufacturer in order to attract him to their community. What actually happended was that the new company employed several hundred workers on day and night shifts, ran for seven weeks, and then left town over night, without having paid one cent in wages, and without leaving even a paper suitcase in the town. In another Pennsylvania city, the Chamber of Commerce paid out $2,500 to bring a shirt factory to the community. The average wage which this factory paid was $3 a week, so little that the employees still had to be helped by the local relief committee. The town would have saved money if they had never seen this manufacturer.

Only seven per cent of the country's wage-earners were organized in 1930, and the number is probably smaller today. Among the unions only a few have any real strength. If the railroad brotherhoods are still strong it is because they were backed by the government during the War. The American Federation of Labor, with a total membership of no more than 2,961,096 in 1930, has failed to protect the great body of workers against wage-cutting. The weakness of their position can best be judged by Mr. Matthew Woll's statement that governmental wage-fixing may become necessary. The Amalgamated Men's Garment Workers, an independent organization, is the only large union that has pursued a militant policy in the past two years. They have gone into the smaller cities where sweatshops are operating, organized factory workers by the hundreds and forced employers to raise wages gradually.

In the final analysis the employers must accept a good share of the responsibility. But they are responsible collectively, not individually in every case. A manufacturer who continued to pay 1929 wages while his competitors cut wages 40 to 50% and captured the market would be committing economic suicide. In the less competitive fields, however, a good many employers have simply followed the trend, acting on the theory that it is sound business to keep costs down as low as possible. A Texas manufacturer of cotton blankets who has been kept busy filling orders for the chain stores at a good profit, cut wages three times in 1932 because "his friends in other plants were doing it." Business houses in New York that are running at a profit have done the same thing. And large retailers—among them a well-known philanthropist—are buying right and left from sweat-shops in order to undersell their competitors.

The merchants who set the precedent of buying from sweat-shops and underselling their competitors, are to be criticised, if we admit that morals have any place in business. (Stuart Chase has said very aptly that "an acquisitive economy leaves no room for the human equation.") But the average employer who has been cutting wages, either directly or indirectly, has been actuated as much by fear as by greed, I suspect. His balance sheet may show a profit for the past year, but if he sees his competitor cutting wages and prices, he gets the depression jitters. His fears may be justified, or it may be "nameless, unreasoning, unjustified terror," to quote President Roosevelt again; but it is very real, and only a change in conditions will exorcise it.

The truth is that most American business men, having been nurtured on the doctrine of rugged individualism, forget that they are members of a corporate society as soon as their security is threatened, just as thousands of bank depositors recently did. If only a few depositors had drawn out money and hoarded it, the banks could have stood the strain. By the same token, if only a few employers had cut wages, the consuming power of the masses and the level of prices would not have been so seriously affected.

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A few outstanding industrialists have seen the danger ahead. It is generally known that Mr. James A. Farrell resigned from the chairmanship of the United States Steel Corporation because he opposed the wage cut which was subsequently made. More recently Mr. Philip K. Wrigley of the Wrigley Chewing Gum Company has announced that his company will raise wages as an aid to recovery. "The workers," Mr. Wrigley said, "are the great consumers of products, and they must have more than enough to cover the bare necessities of life if improvement is to be felt in a host of lines."

Mr. Wrigley is quite right. Prices cannot go up until wages have gone up, for the workers are the buyers. In normal times, three-fifths of the country's manufactured goods and agricultural products are purchased by families, and individuals with incomes under $2,000, and one-fifth by those having less than $1,000 a year.

Should more employers come round to Mr. Wrigley's enlightened way of thinking, the public might coöperate by buying their products to the exclusion of others. Women, for instance, could stop buying the $2.39 and the $5.00 dresses, and insist upon some sort of a label showing that the clothes they buy have been made under proper conditions. If the general buying public took this attitude the garment sweat shops could be driven out of business. But this would be no general solution, for we should have no way of telling under what conditions the cotton in our dresses was woven, or the parts of our automobile were manufactured.

Since both the workers and the employers are helpless in the grip of an economic force that is stronger than they are, there would seem to be only one solution left. Interference by the government to regulate wages as well as hours.

"In 1912 Massachusetts passed a law enabling a commission to fix minimum wage standards and directing it to publish the names of employers who fall below the standard. Up until the depression this law was an effective check on established concerns that are sensitive to public opinion. The Corporation of Harvard University, it will be remembered, was obliged to raise the wages of its washerwomen as the result of unwelcome publicity. But the law has not prevented the many sweatshops which have sprung up in Massachusetts in the last few years from paying what wages they choose. To meet their competition many reputable manufacturers have had to go off the minimum wage standard.

Mandatory laws passed by a number of other states have been adversely affected by the decision of the United States Supreme Court in 1923, holding the District of Columbia Minimum Wage law for women "an unconstitutional interference with the freedom of contract included within the guarantees of 'due process' found in the 14th Amendment."

Despite this decision, minimum wage laws for women and minors have remained on the statute books of California, North Dakota, and Wisconsin. The latter state has a law which orders that no women shall be paid "an oppressive wage," and another which sets a minimum wage for minors. The effectiveness of the wage laws in all three of these states has depended upon the funds available for enforcement, also upon a more complete divorce from political control. But it is true that comparatively little evidence as to sweated labor has come out of these states.

In view of "the evils of reckless wage reduction," which is going on today in New York state, Governor Lehman has recently sent a message to the Legislature urging a mandatory minimum wage law for women and children, and at this writing, its passage seems assured. Governor Lehman suggests that the United States Supreme Court, in view of present conditions, might countenance a law that was based, not on a living wage, but on a fair return for services. Such a law, passed by all the states and properly enforced, would be of undoubted economic benefit. It would stop the replacing of men by women in the marginal industries, and it would prevent wages and prices from falling further. It would be, however, only a partial solution, since wages of men as well as women are largely below the level of subsistence today. Of the 48 million gainful workers in the country, only 14 million are women. Before we work our way out of the morass we are in, it may be necessary for the government to follow the precedent which it set during the War in regard to the railroads, and dictate to all employers minimum wages and maximum hours.

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Great Britain has dared to do just this thing. There the Trade Boards, created by an Act of Parliament in 1909, are empowered to fix minimum wages in industries that are not well organized. The law is enforced by a large staff of inspectors sent out by the Ministry of Labor: offending employers are forced to pay fines and to repay to employees the balance due on their back wages. (England has no 14th Amendment to worry about.) An inquiry in 1922 vindicated the policy of the Trade Boards, on which the employers, the workers, and the public are represented. Today they control the wages of some 1,500,000 workers, and they have routed out conscienceless employers of labor and done away with unfair competition.

The application of such a system in so large a country as ours would present a thousand difficulties. But it would be no more of a challenge to the Administration than the supervision of banking which it has recently undertaken. If we are going to have a government for the people, and an economic structure that is something more than a house of cards, we must make it possible, first for the mass of people to work, and second for them to receive a fair return for their labor.

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