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AFL Sees Industrial Decline Temporary Check in Progress To Higher Living Standards

Slump Will Be of Short Duration if Buying Power Can Be Maintained, Says Federation, in Optimistic Analysis Which Does Not Neglect Serious Dangers in Present Situation.

By OLIVER E. CARRUTH

Washington, D. C. (ILNS)—Optimistic views on the present industrial decline are expressed by the American Federation of Labor in its latest monthly survey of business.

"The present decline," the federation says, "appears to be a temporary check in our progress toward larger production volumes and higher standards of living, while business waits for accumulated supplies to be bought off.

"Whether it will be of long duration depends to a very important degree on our ability to maintain buying power close to its present levels, so that inventories of clothing and household supplies may be quickly consumed and a strong market provided for durable consumer goods such as homes and automobiles."

Favorable Factors Cited

Favorable factors in the present situation, which the federation believes make for early resumption of the upward progress, include increase this year in workers' and farmers' incomes.

"The volume of wage and salary payments will be of more importance than any other factor in maintaining the market for consumers' goods," the survey says.

"Workers' buying power this year has been 10 per cent above last year in the first nine months, when the rise in living costs is accounted for, a level justifying considerably larger production volumes than those of 1936."

Danger in Wage Cuts

Discussing favorable factors, the federation further points out others, including large depression shortages still to be made up in building, railroad and electrical equipment, industrial machinery, and in consumers' goods. Declining prices are also listed as making for resumption of buying and it is asserted that:

"Enough effective demand exists to lift production in the near future in both producer and consumer industries; it would be folly to checkmate the forces of recovery by fear and deliberate curtailments."

But the federation clearly sees serious dangers in the "recession," as administration spokesmen call it, and it vigorously warns against wage and employment cuts, which would reduce workers' buying power.

High Pay Essential

Citing continued upward trend of corporation profits, the survey declares:

> "Workers have done well to claim their share of the wealth produced; industry can well afford high wages at high levels of production, and high wages are essential to maintain high production."

The survey says measures can be taken by government and industry to prevent reduction of purchasing power while "industrial production is checked during the waiting period."

Wage Raises Advised

Recommendations include:

Raise wages in any industry where sustained demand and profitable operations make it possible.

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Maintain wages and employment at the highest possible level with firm determination to avoid wage cuts.

Stimulate production and employment in heavy industries, by taking measures to make justifiable plant expansion and purchase of new equipment, and to encourage building of all types.

Baltimore Warehouse Union Wins Wage Boost

Baltimore, Md. (AFLNS)—A union agreement extending to December 31, 1938, has been secured with F. A. Davis & Sons by Warehouse Employes' Union No. 21102.

The contract provides for the closed shop, the 48-hour week, with time and a half for overtime; minimum wages of $18 a week, with a flat increase of $2 per week for all receiving over that amount at the time the contract was negotiated; seniority rights and other benefits.

CONGRESS SHOWS

Opposition To Plan For Road Work Cut

By GEORGE L. KNAPP

Washington, D. C. (ILNS)—Three things have happened on Capitol Hill which need to be taken together to get their full meaning. These are: The loud protests in congress against any cuts in the federal appropriations for road work; the tying together of the wage and hour bill and the farm bill; and the introduction of a bill to require all corporations taking any part in interstate commerce to take out a federal license.

In 1936, congress authorized appropriations for road work of $238,000,000 for the fiscal years of 1938 and 1939—fiscal years end on June 30 of the year named, so we are now in the fiscal year of 1938. Oly $38,000,000 have been appropriated for the present fiscal year; $200,000,000 remain to be appropriated for that period, and this the president's message does not propose to cut. But he does propose to lower the appropriation for fiscal year of 1938. Only $28,000,000 and that for 1940 to a sum not much greater.

Opposition Quick to Appear

The opposition to any cuts appeared instantly. Senator Hayden, of Arizona, was on his feet at once in a temperate but very firm protest that this must not be allowed. Not only is road work one of the best means of fighting unemployment; but to cut off the sum already authorized for 1939 would be a breach of faith to the states which had made their appropriations for road work in accordance with the law of 1936, he continued.

This sentiment was shown in both house and senate, more in the cloak rooms than on the floor; led by western men but spreading all over the country. Prophecy is always dangerous; but the betting on the Hill is that the road money for the fiscal year of 1939 will NOT be cut. It may well be months before the winners can collect, however.

Wage-Hour Fight Pressed

There is a strong comic aspect to the tying together of the wage-hour and farm relief bills; though all members are deadly serious about it. The wage-hour bill was chloroformed in the rules committee of the house, and Southern members strove to keep it there. Those who wanted to bring that bill to the floor served notice that if this is not done, the wage-hour champions would move to cut the cotton bill program out of the farm bill. The threat got results and there was a rush to sign the petition to take the wage-hour bill away from the rules committee. Enough members signed to bring up the bill on December 13.

Just Around The Corner

President Seeks Financing Changes to Promote Building

Asking Amendment of Housing Law to Lower Costs—Construction Held Chief Field For Private Capital to Aid Recovery—Building Labor Critical of One Feature of Plan.

By GEORGE L. KNAPP

Washington, D. C. (ILNS)—President Roosevelt has sent in his promised message recommending changes in and amendments to present laws that will encourage private capital to embark on housing projects on a large scale. Senator Wagner at once introduced a bill to carry out the president's suggestions.

The message begins by declaring that housing offers the most promising and the largest field for private capital to aid recovery. It recites that an average of 180,000 dwelling units per year has been built for the past seven years; while the national need is from 600,000 to 800,000 such units.

Housing Costs Rose Too Sharply

"In other words," says the president, "we could build over the next five years 3 or 4 million housing units, which at a moderate estimate of $4,000 per unit would mean spending from 12 to 16 billion dollars, without creating a surplus of housing accommodations, and consequently, without impairing the value of existing housing that is fit for decent human occupancy."

"We must recognize clearly that housing will not be built if costs are too high in relation to the consumer's income. The fact that housing costs rose sharply———far to sharply—between September of 1936 and March of 1937 was primarily responsible for the downturn in housing and thus in recovery generally this year. . . Housing must be produced at prices, rate and rents which the mass of our people can afford to pay.

Co-Operation of All is Vital

"The measures which I now suggest are to encourage private building to meet the needs of families of moderate means. These proposals cannot be effective, however, unless all elements concerned in the construction industry—builders, contractors, manufacturers of materials and equipment, labor, and finance—cooperate in producing housing that is within reach of the incomes of the vast majority of our citizens."

Unlike most persons writing on the subject, President Roosevelt recognizes the supreme importance in housing of the cost of financing. He says:

"The cost of financing is in the long run one of the largest items in housing costs. In the case of rental housing, it is a determining factor, first, in whether construction shall be undertaken at all, and second, in arriving at the scale of rentals to be charged.

Cut Is Urged in Finance Costs

It may be well to insert here the statement that during the building boom of the 1920's, the New York World uncovered one project in that city in which the financing costs were greater than the total labor costs.

The president recommends:

The reduction of interest and service charges on projects insured by the federal housing administration to a total of 5 per cent. The present limit is 5½ per cent.

Lowering the mortgage insurance premium, and making it apply only to the diminishing balance unpaid, instead of keeping it on the basis of the original loan.

To Increase Sum Loaned on Mortgage

Insuring 90 per cent instead of the present 80 per cent on the appraised value of the property.

Permitting blanket mortgages on groups of houses, not to cost more than $1,000 per room.

Permitting the sale of housing bonds by duly chartered National Mortgage Associations.

A loan of $50,000,000 from the RFC.

The president believes that these measures would cut the financing costs of housing to half or less than half what they were from 1920 to the bust.

Seeks Increase in Annual Wage

The president then brings in the proposal that will rouse the bitterest criticism:

> "The goal at which both industry and labor should aim is sustained large-scale production at lower costs to the consumer. This will mean a larger annual wage for labor because of the larger amount of employment than is possible at high hourly rates with long periods of unemployment. . . . The sharp rise in wage rates and prices in this industry, just before the last building season, reduced by 100,000 to 150,000 the number of new dwelling units that competent authorities had estimated were in prospect for 1937."

In sum, the president proposes lower hourly wage rates in return for employment that would give larger yearly incomes than building trades workers now get.

This does not form any part of the bill introduced by Senator Wagner. That bill embodies the recommendations of the president already stated.

Proposes Series of Conferences

The president made it clear that he relied on "a series of conferences with representatives of industry, labor and finance," to gain the concessions which he hopes to secure on wages.

President Green, of the A. F. of L., gave a qualified approval to the president's plan, pointing out that final approval rests with the federation building trades unions and adding:

"Labor is interested," he said, "in the recommendations the president has made, and will be particularly interested in any plan to increase the annual wage of workers in the building industry. However, the difficulties of arranging that are extremely great."

Others Oppose Hourly Pay Cut

Michael J. McDonough, secretary-treasurer of the A. F. of L. Building Trades department, said:

"We are not in accord with the proposal for labor to reduce its hourly wage to help promote a building boom. Similar proposals following the 1929 crash proved unsuccessful because when union officials had reduced wages to the minimum, building contractors held off in the hopes that wages could be forced even lower."

LEVER BROS. CO.

Signs A. F. of L. Pact With Soap Workers

Edgewater, N. J.—Lever Brothers Company, makers of "Lux" soap and other products, has entered into a union contract with the A. F. of L. Union Soap and Glycerine Workers' Union No. 21257, covering employes of fifteen departments of the firm's big Edgewater plant.

The agreement, which became effective November 15, runs indefinitely but may be terminated by either party upon 30 days' notice or amended by mutual consent.

The 8-hour day and 40-hour week is established, with time and a half for overtime, including Sundays and holidays, except the regular Sunday shift in the processing plants, power house and service departments. Rates of pay are covered in 71 different classifications, with minimum ranging from 50 cents an hour for newly hired boys and girls, 65 cents for laborers, on up to $1.10 an hour for machinists and welders.

Hourly-rate employes will continue to be paid for Decoration Day, Fourth of July, Thanksgiving and Christmas, although not required to work on those holidays.

Seniority rights are to be observed and any disputes or grievances settled promptly by negotiation. Workers will not lose seniority when absent from work because of sickness. Among other provisions is one which changes pay days from every other week to every week. Chas. L. Jennings, A. F. of L. representative, assisted local union officials in negotiating the agreement.