

● PSF

Labor Dept.

1933

PSF Labor

I have in the past few weeks had the opportunity to consider many different suggestions for the control and mobilization of industry. Many of these suggestions have come from the leaders of industry themselves, and not a few of them are suggestions from members of your own body. It strikes me as highly important that today industry itself is coming to the Government with broad, comprehensive suggestions. It is an event of high significance, fraught with large hope for the future, when the leaders of industry are prepared to take such active measures for furthering a better relation between business business and civilization.

You have come to realize that unsocial conduct in industry affects not only society as a whole, but the particular industry in which the conduct occurs. The lowering of wages or the lengthening of hours in one plant, of course, reduces the cost in the plant, but at the same time, it forces other plants in the same industry to meet that reduced cost by similar steps, or to go out of business. (Example of sweater factory and N. Y. clothing sweat shops). This process of reducing cost by working employees under unreasonable conditions is coming to be recognized as a form of "unfair competition," as deleterious and as obnoxious socially as the limited sorts of unfair competition such as misbranding and false advertising which the Federal Trade Commission now punishes. The Government has forbidden traders in interstate commerce to take advantage of competitors by telling lies about their goods, and perhaps, it may have to take some means to prevent them from making their goods under conditions which by demoralizing industry, increase the number of unemployed, and reduce below a subsistence level the wages of

who are employed, are at least equally anti-social.

Just as the concept of unfair competition has widened so has the concept of commerce. We are beginning to appreciate today the close connection between the commerce of the nation and the number of persons employed. We see a startling correlation between the percentage by which carloadings have fallen and the percentage by which number of persons employed and total payrolls have fallen (See figures on attached Memorandum marked "Wollman"). From these figures we can easily see that to revive ^{commerce and} transportation it will be essential to restore the working classes to their former level.

The working classes are the great reservoir of purchasing power. See Statistics for President's Conference with the Governors.

The broad effects which reduction of standards in labor have had are paralleled by the broad effects which overproduction has caused. You know what a waste of natural resources directly in some cases like oil, and indirectly in other cases like manufactured goods, this has meant. But it has meant more than ^swaste of natural resources, it has meant waste of capital, for plants have been built for which there is no need, and even these plants and machinery for which there was need have, because of this great havoc, been unable to find prospective markets.

From this welter of confusion there has developed a demand that in some way industry attempt to regain stability. The time for drifting has passed. The great problem which our civilization must solve is to find methods by which intelligence may be substituted for chance in working out both current questions and our relationship to the future. And even our most timid persons are prepared for central thinking. I

do not mean necessarily central planning or any sort of central control, but a recognition that the problems which have been raised require consideration on a national scale. Your President, Mr. Harriman, has suggested that the Government should utilize existing trade associations and after approving their purposes allow them considerable scope to regulate their own industries on a national scale. The trade associations undoubtedly can contribute much to any national viewpoint, but it is a serious question whether the associations as they are now constituted represent adequately the interests of either labor or the general public. These associations might become more powerful than the Government itself if they were allowed a large measure of freedom. And the interest of the associations has in the past been so exclusively in problems of production and price policy, that it has seemed to me that we may have to look elsewhere for collective wisdom on the equally important problems of hours, wages, social insurance and sanitary conditions.

The trade associations, however, have great funds of information and they will be well equipped to present the facts to any quasi-judicial body that might be called upon to investigate the various industries. So too organizations of the workers and employers in an industry have important information ^{and} desires and needs to present before a properly constituted Board, clothed with rule-making and quasi-judicial duties.

On the basis of a clear expression of purpose by the Congress and some minimum requirements in the law it is conceivable that a technique for the regulation of our industries for the benefit not only of the management and owners but for the benefit of labor and the whole country could be developed.

Administrative and judicial ability of a high order are necessary to cope with industrial problems that cry to be solved:

First: Reemployment of idle labor

Second: Reemployment of idle capital

Third: Stabilization of industries and of employment

Fourth: Provision for reserves for old age and unemployment within the industry

Fifth: Shortened hours of work not only for making employment but for establishing a new cultural level of life for the American worker

Sixth: Establishment of wages on high levels to develop and maintain wage earner purchasing power comparable to our great mass production

Regulation by law of hours of labor and fixing of minimum fair wages for women and regulation of health and safety conditions has become a common practise in all industrial countries. In this country the unequal regulation in different States creates new problems.

Out throat competition has been destructive of industry itself and of the capital investment therein. The question of control of industry for its own salvation as well as for the benefit of the country is discussed in every community and in this great body today. Control of production and distribution - division of production between plants - prices - labor conditions.

If there is to be control let it be on a democratic basis.

with full representation of invested capital - management - labor and the consumer public. Let it be self-control in the interests of the community.

Government is an agency for service. Its impersonal disinterested machinery can be brought to bear on the situation in assembling such committees - taking testimony, finding facts, exercising the judicial functions necessary to protect the public interest.

PSF Labor
Gov Ely.

MASSACHUSETTS PLAN FOR THE REHABILITATION OF LABOR AND INDUSTRY.

1. The number of unemployed in this country estimated generally from twelve to fifteen million is a grave menace to the economic, political and moral health of the United States.
2. The importance of getting at least nine million unemployed to work as quickly as possible is comparable to the need recognized in the measures enacted for aiding the banking structure, reducing government expenditures, and to those contemplated for aiding the farmers, railroads and other interests.
3. Public Works and other measures being considered will be helpful but at best will give work to a small percentage of the unemployed.
4. The only way to absorb unemployed is to place them where work is available in industry and business now.
5. It is necessary that this be done on a national scale, as it is impossible of accomplishment, except on a basis that does not discriminate between geographical sections and industries.
6. We believe the President should therefore seek immediate legislation to regulate hours of work for men and women on the principle of the five-day week and the shorter working day. We also believe that authority should be given to the President or his administrative representative to modify the basic provisions regarding hours of labor, in accordance with the demonstrated needs of individual industries, provided that such changes are not in violation of the object of furthering the utmost practical reabsorption of the unemployed.
7. Measures, proposed by the President for regulating hours of work should provide for some degree of control in each industry of hours of operation of individual member plants.
8. Also, to protect workers from exploitation and to preserve price stability, there should be coupled with such measures minimum wage schedules suited to each industry and based somewhat on the cost and standard of living in the various sections of the country.
9. The United States is the only civilized country that permits the working women and minors on all night shifts. This practice seems both economically and socially unsound. A large proportion of such women and minors employed on all night shifts are found in the textile industry. This practice can be discontinued without adding to the cost of textile operations, as has been demonstrated by a number of concerns who employ only men on night runs. This employment of women and minors at night in industrial plants, certainly

between the hours of ten and six, should be permanently abolished in the United States.

10. To eliminate ruthless competition, which is constantly reducing wages, lowering prices, lessening earnings and thereby adding to unemployment, we favor reasonable modification of the provisions of the Anti-Trust Laws to permit agreements among the members of individual industries, subject to federal approval, in order to promote the stabilization of wages and prices for the benefit of both the employer and employee.
11. It is essential that the authority given to regulate hours of work and to establish minimum wages also provide for their readjustment as and when changes in demand and in cost of living may require.

10.

This is a Bill to relieve Interstate Commerce from unreasonable impediments. In this view it is the vast shrinkage in the volume of interstate commerce which is the problem of undeniable national import which legislature is designed to remedy. The elaboration of this view involves two steps- - first, the consideration of the intimate relation between the state of business and the condition of interstate commerce, and second, the relation between the purchasing power of labor and the prevailing condition of business, and, hence, the existing volume of interstate commerce. The development of these two elements of this view involve recourse to facts and the acceptance, in the case of the second element, of the belief at the moment widespread in this country that raising the purchasing power of labor is the key to the recovery of business.

The connection between the state of general business activity and the volume of interstate commerce is self-evident. Examination of fairly reliable indexes of the physical volume of the output of industry, and of the direct volume of interstate carriage of goods shows a very high co-relation between the two. In 1932, the physical volume of railroad car-loading was just half that of 1929. While there was in this period some diversion of traffic from the railroads to the trucks, there can be little question that the total volume of interstate commerce was no more in 1932 than 60 percent of the volume in 1929. These figures check closely with the best available measures of changes in the volume

of the physical output of the industry, shown in the following table:

"Changes in the Physical Volume of Production in the U.S." (a)

Year	Raw Agricul. Products	Raw Mineral Products	All Raw Materials	Manufact ured Goods	Construct ion.	Total Phy ical Out- put
1927	100	100	100	100	100	100
1928	105	99	103	106	105	105
1929	103	107	104	112	92	108
1930	101	93	99	93	77	94
1931	106	79	99	81	58	85
1932 (b)	97	66	89	60	29	67

(a) Frederick C. Mills, in the Bulletin of the National Bureau of Economic Research, No. 45, February 20, 1933

(b) Preliminary estimates

Purchasing power has delined to a devastating extent, first, because of the cutting of wages, and, second, because of the tremendous shrinkage in the volume of employment. As I show in the next table, employment in the year 1932 was in all important industries certain more than one-third lower than in 1929; and the total wages paid, or payrolls, had dropped between these two years to even a much greater extent. While no figures are included for 1933, the record already available shows that both employment and pay rolls had suffered a considerable additional decline in the first quarter of 1933.

Changes in Employment and Payrolls (a)
1929 to 1932

Industry	Per cent Change in Employment	Per cent Change in payroll
Manufacturing Industries	- 38.4	-58.6
Anthracite Mining	- 37.5	-46.3

Bituminous Mining	-32.6	-64.4
Metalbiferous Mining	-63.5	-78.4
Quarrying, etc.	-51.0	-79.9
Crude Petroleum Producing	-44.7	-55.9
Telephones & Telegraph	-20.9	-18.9
Power and light	-17.0	-20.2
Electric R.R., etc.	-24.5	-32.0
Class I Railways	-38.1	-48.5

(a) Reports of the U. S. Department of Labor.

These un precedented reductions in the purchasing power of labor by leading directly to a persistent and continuous decline in the volume of purchases have had a disastrous effect on the volume of interstate commerce and on the condition of interstate carriers. Continued lowering of wages has contributed still further to the shrinkage of purchasing power, and, hence, to the contraction of the aggregate volume of trade.

Reduction of the length of the work week would result in spreading available employment among many new ^{un}employed, but it would not touch the issue of purchasing power since its net effect would be to divide the existing amount of purchasing power among more workers but to leave the total amount unchanged.

An increase in purchasing power can come most effectively by a combination of the two methods, i.e. a reduction in the length of the work week, and the fixing of wage minima whose effect ~~is~~ it would be to increase the size of the country's wage bills.

LABOR STANDARDS

SHORTER HOURS OF LABOR

A MAXIMUM OF 48 HOURS PER WEEK should be provided by law because:

(1) Even on resumption of industrial activity there will not be enough work so that every wage earner can have a job if hours remain as long as heretofore. Even during the period of great industrial activity from 1927 to 1929, it is estimated that a million and a half wage earners were unable to find work. If some persons work long hours, the State must support others in idleness.

(2) While hours have been reduced in certain well-known situations, they are still much beyond 48 per week in important and widespread instances.

The United States Bureau of Labor Statistics found that in 1931 - 1932 the average full time hours in the lumber industry were 56 per week; in bakeries, 55 hours; in the cotton textile industry, 53 hours; in the furniture industry and the hosiery industry, 52 hours; in the underwear, and the silk and rayon industries, 51 hours; in the leather, and the woolen and worsted industries, and in foundries and machine shops, 50 hours; in slaughtering and meat packing and in the boot and shoe industry, 49 hours. These were averages, indicating that many individual plants worked longer hours.

The seven day week is still common in many industries throughout the country. Thus, while 12 million men and women are without work, thousands of others, working in hotels and institutions, for public utilities, in steel mills and in other types of work, are deprived of even one day a week for rest and recreation.

(3) Hours restrictions must be set by law if a shorter working day is to be generally established. Voluntary limitation by the manufacturer who recognizes the necessity for restriction of working time is ineffective, because when orders are scarce and competition, therefore, keenest, the man who is ready to disregard voluntary limits has an advantage in promising prompt delivery. All those seeking business must compete at the level which he sets. The only agency concerned with the general welfare, threatened by such falling standards, is the State, which can fix by law the maximum working hours and hold all concerned to their maintenance.

It will be argued that in its present extremity business must not be interfered with; that the manufacturer must be free to work long and irregular hours so that when he gets an order nothing may stand in the way of his opportunity to fill it; that legal measures should not impose what might be done willingly enough as a voluntary act. But since the employer who honestly wishes to maintain decent working conditions is not free in the present situation to do so unaided by law, and since the so-called "interference" would be to the advantage of employers who desire to maintain proper working conditions, both employers and the State would gain by legal standardization.

LABOR STANDARDS

UNEMPLOYMENT INSURANCE

STATE UNEMPLOYMENT INSURANCE is insurance against the worst effects of depression because:

- (1) It acts as a stabilizer of industry at the beginning of a depression, when stabilizing forces are most effective.

Benefits paid to unemployed workers from reserve funds at the beginning of a period of industrial recession are practically all expended for shelter, food, and clothing, the production of which keeps other workers employed.

The employer who has built up a reserve fund to the point where he is no longer required to pay into it is unlikely to discharge employees casually or irresponsibly when the result would be that he had to pay benefits and so drain his reserves, necessitating additional payments to build them up again.

Thus a system of insurance provides a strong incentive to the low end of industry to stabilize itself, and to the employer in a seasonal industry to make every effort to spread production as evenly as possible throughout the year.

- (2) It eases tax burdens and relieves public funds and private charity of part of the load under which they have to struggle during a depression.

The payment of insurance benefits to the unemployed worker keeps him for a period dependent upon industry and at least delays the time when he shall be thrown upon the State for relief. At no time are taxes more difficult to raise than during a depression. Even partial provision against an increase, therefore, by means of a system of unemployment reserves would lighten the problems of government.

- (3) A plan for voluntary establishment of unemployment reserves is inadequate, since it does not guarantee universal adoption.

At best it would be many years before unemployment reserves were universally set up, particularly in industries and plants where there was the most unemployment and consequently where insurance systems would be most necessary and effective.

In the meantime a voluntary system of unemployment insurance is a handicap to the employer who adopts it, to the extent that he is tying up his funds in a reserve which his competitor is not required to establish.

It will be argued that to establish a system of unemployment insurance now will not help those at present unemployed and that this is no time to impose an extra charge on industry. While it is true that there will be no direct benefit to persons now out of work, it is not too early to adopt measures to mitigate the effects of future unemployment; the sooner unemployment insurance is established the sooner the indirect and long time benefits will accrue to all who are dependent upon industrial employment.

LABOR STANDARDS

MINIMUM WAGE

MINIMUM WAGE LEGISLATION is necessary as an effective means of dealing with the depression because:

(1) The abnormally low wages being paid today constitute a serious menace to industry itself, since they create a shrinkage in the buying power of the wage earners at the very time when there is need for an increased demand for the products of industry which will once more stimulate production.

A large proportion of the purchasing power of the community is normally held by wage earners. According to the National Bureau of Economic Research over two-thirds of the total income in the United States in 1918 went to the 92 per cent of the gainfully employed with total annual incomes of less than \$2500. More recent figures are not available, but the President's Committee on Social Trends reports that "there is little evidence that any radical change in the distribution of wealth has taken place in this country during the past several decades."

Wage earners in the lower income groups spend almost their entire earnings for consumption goods. According to figures recently compiled by "The Business Week", American consumers having incomes between \$1000 and \$2000 in 1929 put aside less than 6 per cent for savings and taxes, spending most of the remainder for consumers' goods, whereas those having incomes between \$10,000 and \$25,000, put aside 25 per cent for savings and taxes. Thus a cut in the wages of the lower income groups results in a corresponding cut in the purchasing power of the community.

(2) The fall in wages has been considerably greater than the decline in cost of living during the past three years.

From December, 1928 to December, 1932 the cost of living in the United States dropped 23 per cent, whereas during the same period the average weekly earnings in manufacturing industries in four of the leading industrial states of the country declined as follows: in New York, 28 per cent; in Pennsylvania, 45 per cent; in Illinois, 41 per cent; and in New Jersey, 26 per cent.

(3) The level to which wages have fallen has not only curtailed drastically the amount of consumption goods which American workers can buy, but it threatens the health and welfare of workers and their families.

In Pennsylvania, an investigation recently made by the Department of Labor and Industry of earnings in the textile and clothing industries revealed that half the women in these industries were earning less than \$6.58 a week and 20 per cent less than \$5 a week.

In Massachusetts, the Department of Labor and Industries investigated wages in Fall River clothing plants in February, 1932. Of 1,616 employees in 13 plants making women's apparel almost three-fourths earned less than \$10 a week and over one-fourth earned \$5 or less a week.

In New York State, average weekly earnings of women in representative factories in December, 1932 were \$12.91 for all industries combined, \$10.56 in the textile industries, \$9.84 in men's clothing, \$17.64 in women's clothing, \$9.50 in the boot and shoe industry, \$12.67 in laundries, \$12.86 in the paper box industry, \$14.46 in bakeries and \$13.06 in the candy industry.

In Illinois, where earnings of women are not reported separately, average weekly earnings of both men and women in December, 1932 were \$18.16 for all manufacturing industries, \$10.74 in the boot and shoe industry, \$18.66 in the paper box industry, \$13.77 in the textile industries, \$9.43 in the clothing industry, \$26.55 in bakeries, \$11.54 in the confectionery industry, \$14.89 in laundries and \$15.70 in hotels and restaurants.

(4) To be an effective aid to business recovery the minimum wage must be fixed by law. Without such legislation the employer who is willing to let public and private charity make up the difference between his wage payments and the cost of living is "free" to undercut and drive his more conservative competitor out of business.

It will be argued that most business men today are barely able to make ends meet, that they cannot continue in business if one iota of additional expense is put upon them, that the way to recovery is by forgetting, temporarily, such labor standards as have been previously established or sought. Since this situation is obviously the result of the unfair competition which minimum wage legislation is designed to prevent, its enactment would be a safeguard against further disorganization of industry.

[1933]

DEPARTMENT OF LABOR

PSF
Labor

My best advice
is not to discuss
this subject

~~affairs~~
affairs

Factual material
is O.K.

MISSY:

File - private confidential

PSF Labor

DEPARTMENT OF LABOR

March 14, 1934.

MEMORANDUM TO MISS LE HAND:
FROM THE SECRETARY OF LABOR.

The attached is a memorandum
on a matter which I discussed with the President
today and which I believe he will wish to have.

PSF Labor

DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

March 14, 1934.

MEMORANDUM TO THE PRESIDENT:

Following our conversation today, I think that the "Modernize America" movement which Frank Walker is developing is of great importance, particularly as a stimulus of the capital goods industries which are the industries which are lagging in their re-employment and production. The capital goods industries are still 37 per cent. unemployed whereas the consumers' goods are only 17 per cent. unemployed.

The movement, however, requires great dynamic force, the power of organization, education and centralized direction, ~~the~~ a relationship to industry and a conception of the financial as well as the operating problems. It almost seems that Hugh Johnson were the man made to do it. He has done magnificently with the NRA up to date; its organization period is over. Could he not take over the "Modernize America" movement and leave the administrative and consolidating period in the NRA to his own excellent organization and give some very real attention to the "Modernize America"?

Richberg in the NRA is thoroughly loyal to General Johnson and to you. He could be a second in command to do the detail if the General was obliged to put more time on "Modernize America" than might be thought of in the beginning. There are other excellent men there who if they were a committee would steer the situation along the lines of the policy which has already been laid out by General Johnson.

Charles F. Walker

~~from~~

Labon Dept. 1933-37,

1940, 43, 45

PSF - box # 24

FDR on U.S.S. Houston trip
to Hawaii, July 1 - Aug 10, 1934

Longshoremen's general strike

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MISSY:

President's personal confidential
file.

PSF Labor
U. S. S. HOUSTON

[July 16, 1934]

PSF
Labor

For Secretary of Labor -

Thanks your estimate of situation. If other means fail you might offer complete arbitration. All employers and all unions involved on three conditions first work to be resumed, second inter union agreements to be mutually suspended, third decision of arbitrators to bind all parties for a definite period as long as possible.

Stop. If you think advisable you can issue any statement or offer as coming from me or with my approval. Stop.

It occurs to me the country as a whole may not understand the history of the strike and that with any statement you may want to clarify the issues publicly. Paragraph

Confidential Please consult with Hull and Cummings as to our authority to maintain food supply in affected areas and with this concurrent maintenance of traffic and order.

Paragraph. I am inclined to think after Howe's radio today it is at present best for me not to consider changing my itinerary. Stop Keep Howe in touch Stop Will see Monday.

Roosevelt

PS F Labor

DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON



*file
personal*

August 15, 1935.

MEMORANDUM TO THE PRESIDENT:

- I suggest that in discussing matters
1. with the Labor Board and with the Social
 2. Security Board at some early date that you say to both of them that you would like them to keep closely in touch with the Secretary of Labor in order that she may systematically report to you at the Cabinet Meeting about their progress, leaving, of course, ample opportunity for them to see you when necessary on office and other matters.

Harvey B. Harris

PSF Labor

*file
personal*



October 15, 1936

My dear Mr. President:

Thank you very much for the letter which you sent to Dr. Woolley and which she read at the dinner Wednesday evening, October the seventh. I cannot tell you how much this message meant to me.

With deep appreciation,

Respectfully,

A handwritten signature in cursive script, which appears to read "Eleanor Roosevelt". The signature is written in dark ink and is positioned below the word "Respectfully,". Below the signature is a long, horizontal, wavy line.

The President
The White House

PAULA LARRABEE

For the President's confidential files
so that it made be made available for future
reference.

DEPARTMENT OF LABOR
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON

September 22, 1936

Honorable Franklin D. Roosevelt
Hyde Park, New York

My dear Mr. President:

I have just received the following confidential information on the program which is being set up by the business men in Oakland and San Francisco, California, which is called the Bay Region:

- "1. October 1 all business houses in the Bay Region will close their doors -- a general strike of business in protest of the Union Labor policies which are ruining business.
- "2. All ships now in the Harbor of Oakland and San Francisco are being unloaded. No ships in the Harbor that cannot be unloaded by October 1.
- "3. The Railroads are not a part of this agreement.
- "4. There will be no opposition on the part of any employer to the general strike. No attempt will be made to conduct any business.
- "5. No call will be made for State or Federal troops by local authorities even in the event of food riots.
- "6. Preparations call for three months' general strike, if necessary."

In addition to this local plan, you will recall that I explained to you over the telephone, that the industrial and

PSF
Labor

457-B
Pacific States

agricultural leaders as well as the wholesalers and packing
plant officials, have agreed to co-operate with the ship
owners in every port from the Canadian border to San Pedro.

Yours respectfully,

Edw. F. McGrady

EDW. F. McGRADY
Assistant Secretary

TSE Labor

THE WHITE HOUSE
WASHINGTON

September 23, 1936.

Assistant Secretary of Labor, McGrady, dictated the following memorandum for the President:

"I just received a confidential report from the leading business men in San Francisco, saying that the program of the Committee representing the business leaders of San Francisco and Oakland, is all ready. Their program is as follows for the Bay Region:

1. October 1st all business houses in the Bay Region will close their doors. A general strike of business in protest of the union labor policies which are ruining business.
2. All ships now in the harbor of Oakland and San Francisco are being unloaded but no ships will be sent to the harbor which cannot be unloaded by October 1st. They will be rerouted.
3. The Railroads are not a part of this agreement.
4. There will be no opposition on the part of any employer to the general strike. No effort will be made to conduct any business.
5. No call will be made for State or Federal troops by local authorities, even in the event of food riots.
6. Preparations call for three months general strike if necessary.

Hearst has decided if the strike takes place to close up his San Francisco newspaper office, feeling that the building will be picketed, and he has made all arrangements to transfer publication to Sacramento, and is negotiating for another plant about twenty miles out.

2.

As I explained several days ago, the ship owners from the Canadian border down to San Pedro, claim they have an agreement with all the leaders in agriculture, packing houses, lumber camps, etc., to shut down and cooperate with the ship owners."

File
Personal

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[1937?]

DEPARTMENT OF LABOR

The President

I hope you'll
let me have
an idea of what
" " " " " "
They said
When you are
free
I find that

DEPARTMENT OF LABOR

John Lewis will
be here tomorrow.
He must be at
Coal Conference
- N. Y. Monday
to Thursday.

Do you want
me to tell him
that you want
to see him soon?

DEPARTMENT OF LABOR

And shall it be
Sunday?
Or later?

Frances Perkins

Sat.

PSF Labor

P.F.

January 19, 1937.

MEMORANDUM TO THE PRESIDENT:

I have been all day in conference with John Lewis and Governor Murphy. We have just broken up (8.15 P.M.). Lewis' position remains absolutely unchanged.

The Governor offered to surround the plants with militia while negotiations were going on if the sitdown strikers could be withdrawn. Lewis cannot agree to this. We then moved to try to bring Lewis and Sloan together. After four hours' consideration, Sloan agreed to come to Washington to confer with Governor Murphy and me but not with Lewis.

Sloan
We are protecting him by absolute silence on the subject but I thought you ought to know.

Harvey P.

DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

*file
Perrin
Labor Dept
1-37*

FBI Labor

February 5, 1937

MEMORANDUM FOR THE PRESIDENT:

Say to Lewis that you are not asking him to abandon his position on exclusive representation, just to postpone it.

Urge him to consider that he will in effect have exclusive bargaining and an opportunity to organize his union on the basis of this partial victory, and that all of the agencies of the Government will assist in preventing discrimination and interference with the development of the union.

PROPOSAL FOR GENERAL MOTORS-LEWIS AGREEMENT

1. Recognition. The Union is herewith recognized as the collective bargaining agency for those employees of the company who are members thereof in the plants above named. The company recognizes and will not interfere with the rights of these employees to be members of the Union. There shall be no discrimination, interference, restraint or coercion by the company or any of its agents against any employees because of membership in the Union. The company will not reclassify employees or duties or occupations or engage in any subterfuge for the purpose of defeating or evading the provisions of this agreement. (This is the Toledo agreement made two weeks ago)
2. The General Motors further agrees that it will not bargain collectively with any other group with regard to issues covered by the agreement which will be reached as the result of the proposed negotiations. These issues will all be national and not local issues, with the issues applicable throughout the industry and having no relation to local conditions. The Union Automobile Workers agree not to represent any ^{non} members of the Union on complaints and grievances.

NOTE: (This leaves the General Motors with the opportunity of dealing even with its company Union members on matters of complaint as they have in the past. Wednesday night Sloane agreed that the General Motors could agree to sign no

further agreement during the period of the agreement with Union Automobile Workers and that it could agree to make no more advantageous agreement. Furthermore, he said that General Motors would not encourage or seek to develop further Unions and that they would give ~~the~~ guarantee required by the Government, either State or Federal, for their good faith in this matter.)

Memorandum for the President's conversation with
John Lewis and with Knudsen and Brown.

1. Recommend the first paragraph of the Toledo agreement as follows:

"Recognition. The union is herewith recognized as the collective bargaining agency for those employees of the company who are members thereof in the plants above named. The company recognizes and will not interfere with the rights of these employees to be members of the union. There shall be no discrimination, interference, restraint or coercion by the company or any of its agents against any employees because of membership in the union. The company will not reclassify employees or duties or occupations or engage in any subterfuge for the purpose of defeating or evading the provisions of this agreement."

2. The General Motors to agree to make no more favorable agreement with any other body or organization during the life of the contract with the United Automobile Workers.

3. That the General Motors agree to give any guarantees required by the Government for the faithful performance of its promise for no

discrimination, interference, restraint or coercion, and to give guarantees for no discrimination in employment.

That the General Motors further agree not to encourage or seek to develop any other unions.

That the General Motors further agree to be friendly and helpful in its relations with this union.

4. That John Lewis agree to postpone the discussion of the exclusive quality of the representation by the United Automobile Workers for at least four months and that the General Motors agree that it may be discussed again but without interruption of work. In the meantime all concerned are to think sincerely and realistically about this problem in order that it may be solved for the best interests of all.

get exclusive agree 7 mos.

5. That the United Automobile Workers agree to withdraw the men from the plants immediately upon reaching some such understanding as the above, or a competent substitute for it.

PSF L₆ 407

THE WHITE HOUSE
WASHINGTON

4/12 [377]

*Perkins
Lull*

①

Miss Perkins:

"Could you tell the President right away that I hope very much he is going to see Mr. Reed and Mr. Wyzanski about these great decisions on the Wagner Labor Relations just as soon as possible because there are some very interesting side lights in them.

"I think it would be very nice if he would see them this afternoon. I will be in my office."

PSF Labor

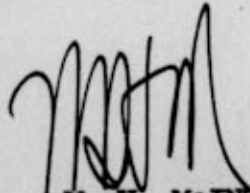
THE WHITE HOUSE
WASHINGTON

Galveston, Texas,
May 1, 1937

MEMORANDUM FOR TOM CORCORAN:

The President asked me to send
this to you to read.

When you are through with it will
you turn it over to Mrs. Larrabee for the
confidential files.


M. H. McINTYRE
Assistant Secretary
to the President

Noted
T.G.C.

PSF 2062

THE WHITE HOUSE
WASHINGTON

*file
Personal
Perkins
(1)*

Sx1

6-11-37

MEMORANDUM FOR THE PRESIDENT:

Miss Perkins says she has had a talk with John Lewis and Sidney Hillman about Civil Service and that it was encouraging. She thinks we had better go slow.

She said she hopes they will work out something on Republican ~~Steel~~ thing next week.

MMH

STANDARD
SHOULD THIS JUST FILE - IN OUR
PERSONAL FILES OR DOWNSTAIRS?

G.

PF.

FD FORM No. 14A
APPROVED BY THE PRESIDENT
MARCH 10, 1926

TELEGRAM

OFFICIAL BUSINESS—GOVERNMENT RATES

C O P Y

URGENT - DELIVER TONIGHT

June 21, 1937.

J. V. PURNELL, ESQ., PRESIDENT,
YOUNGSTOWN SHEET & TUBE COMPANY
YOUNGSTOWN, OHIO.

THE SECRETARY OF LABOR HAS ADVISED ME THAT THE STEEL MEDIATION BOARD, OF WHICH MR. CHARLES P. TAFT IS CHAIRMAN, HAS REQUESTED YOU NOT TO OPEN YOUR YOUNGSTOWN PLANT TOMORROW TUESDAY MORNING STOP IN THE PROMOTION OF PUBLIC SAFETY, AND IN THE INTEREST OF A REASONABLE AND PEACEFUL SETTLEMENT WHICH SHOULD BE EXPECTED AND CAN BE ATTAINED, I EARNESTLY JOIN WITH THE BOARD IN THIS REQUEST TO YOU

FRANKLIN D. ROOSEVELT

FROM

PSF letter
The White House
Washington

file Labor folder
U. S. GOVERNMENT PRINTING OFFICE 72062

PSF Labor

June 21

Both
urgent - delivered tonight

Thomas Girdler, President
Republic Steel Co
Cleveland Ohio

and to

J. V. Purnell, President
Youngstown Sheet & Tube Co
Youngstown Ohio

The Secretary of Labor has advised me that the Steel
Mediation Board of which Mr Charles P. Taft is
Chairman, has ~~formally~~ requested you not to open
your Youngstown plant tomorrow Tuesday morning period
in the promotion of public safety, and in the
interest of a reasonable and peaceful settlement which
should be expected and can be attained, I earnestly
join with the Board in this request to you.

Franklin D. Roosevelt

DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

*file
personnel*

1731- Labor

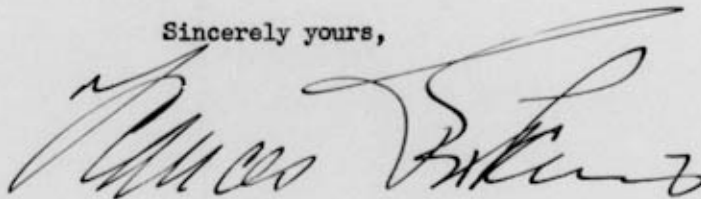
August 6, 1937

The President
The White House.

My dear Mr. President:

Relative to our discussion the other day of an employee relationship policy for the Government and preliminary to carrying out the suggestions that you made, I thought it might be well to have someone from my Department who is familiar with the problems involved quietly canvass the various Departments and agencies in the Government to find out the status of the unions and what their demands have been to date. It may be that some interesting and valuable information may be developed, which may aid us in reaching a conclusion.

Sincerely yours,



U.S. DEPARTMENT OF LABOR
BUREAU OF LABOR STATISTICS
WASHINGTON

August 25, 1937

Honorable Marvin H. McIntyre
The White House
Washington, D. C.

Dear Mr. McIntyre:

Here is the dope on the meeting attended by Merriam, Bob Jackson and myself.

The question of monopoly control of production and prices directly affects a whole series of Federal agencies. The relationship of the Federal Trade Commission and the Department of Justice to the problem is self-evident. However, other departments are equally concerned. Thus, the Tariff Commission has an important part to play in so far as it can recommend whether certain industries should be exposed to import competition. The reciprocal trade agreement policy of the State Department is affected by international cartels of which the United States producers are members. The Department of Commerce comes into the picture because of its control over patents, shipping and aviation. The Federal Communications Commission can play a vital part in avoiding monopolistic control of communication. As television develops its functions will become even more important. The War Department is involved because of the importance of the control of private raw materials in its program of industrial mobilization for war. The policies of the Department of the Interior are involved because of its relationship to minerals. Other agencies that have an interest in the problem are the Treasury, because of its relationship to the distilling industry, the Federal Reserve Board, because of its relationship to the concentration of banking, the Interstate Commerce Commission, and the Securities and Exchange Commission.

Ownership of raw materials, processes and patents is one of the factors that makes possible certain types of monopolistic control. In other instances such control is exercised through open price associations and other trade association activities. In still further instances, control is brought about by participation in world cartels which limit through voluntary private agreements the imports of certain commodities. This is particularly true of copper, sulphur and chemicals.

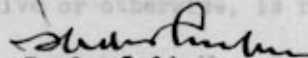
*file
confidential
R.F.
Dept of Labor*

Our committee is of the unanimous opinion that the President should appoint a small group to prepare a confidential report for him on the extent of monopolistic control in the United States and the effectiveness of competition in assuring reasonable prices to the American public. Such a committee should be instructed to make a careful study of the industries in which competition does not operate effectively and the reasons for the failure of competition to work. In preparing its report this committee should have available the services of the various Federal departments and agencies that are directly concerned in one way or another with the problem. This service should be of a consultative type. In other words, the committee should be in a position to call upon these agencies for advice and information that will be helpful in preparing the report for the President.

Our committee is of the unanimous opinion that the group preparing the report should consist of Mr. Robert Jackson, Mr. Herman Oliphant, Mr. Benjamin V. Cohen, Mr. Leon Henderson and myself. This group is sufficiently small and close knit to make it possible for the individuals to work together in a confidential way and in a manner which will not lead to any publicity being given to the undertaking.

In anticipation of the President's approving the undertaking of this study, I am enclosing herewith letters addressed to the various above mentioned persons for the President's signature.

Very sincerely yours,


Isador Lubin

THE WHITE HOUSE
WASHINGTON

August 19, 1937

Mr. Robert H. Jackson
Assistant Attorney General
Department of Justice
Washington, D. C.

My dear Mr. Jackson:

I am appointing yourself together with Mr. Herman Oliphant, Mr. Benjamin V. Cohen, Mr. Leon Henderson, and Mr. Isador Lubin as a committee to prepare for me a confidential report on the effectiveness of competition in securing reasonable prices to the American consumer. I should appreciate your committee submitting this report to me by December 1, together with recommendations as to what specific action, legislative or otherwise, is required.

Very cordially yours,

File
Confidential
personal
under
John L. Lewis
Dept of Labor folder

NOTATIONS WITH REFERENCE TO ACTIVITIES
of
GEORGE L. BERRY IN THE LAST CAMPAIGN

1. Directed campaign to raise finances - received and expended in the various key States \$1,297,893.77 through Labor's Non-Partisan League organized by him.
2. Personal contribution. 27,000.00
3. Served the Administration, without cost to the Federal Government in the following capacities:
 - (a) Member, Labor Advisory Board
 - (b) Member, National Labor Board
 - (c) Divisional Administrator in N.R.A.
 - (d) Member, Bituminous Coal Mediation Board
 - (e) Member, The President's Allotment Board for the purpose of allocating \$4,800,000,000.
 - (f) Coordinator for Industrial Cooperation
 - (g) Member, Cotton Textile Industrial Relations Board
- Personal expenditures to meet the above requirements 31,583.00
4. Total personal contribution. 58,583.00
5. It is noted that of the \$1,297,893.77 that the United Mine Workers of America contributed to Labor's Non-Partisan League, \$128,378.00.

11 file personal PSF Labor

DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY
WASHINGTON

September 17, 1937

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT:

The people that I want to call to your attention as possibilities for First Assistant Secretary of Labor and about whom I have spoken to you by word of mouth are as follows:

- Mr. A. J. Berres of California; former Treasurer Metal Trades Department, American Federation of Labor; now Industrial Secretary, Motion Picture Producers of America.
- Mr. Robert Fechner, Director, Emergency Conservation Work; former machinist and Executive Officer of Int'l Ass'n of Machinists.
- Mr. Robert J. Watt, Secretary, Massachusetts State Federation of Labor.
- Mr. John E. Gross of Colorado State Federation of Labor. (I think he is a metal worker or machinist, but appears to have been friendly toward the C. I. O.)
- Mr. William M. Knerr of Utah; laundry worker; at present Chairman of the Industrial Commission of Utah.
- Mr. Edward W. Edwards of New York; printer; at present member of the Industrial Board of New York and a Liberal.
- Mr. John L. Barry, President, New Hampshire State Federation of Labor.

Of these the most vigorous and effective are Gross of Colorado, Watt of Massachusetts and Knerr of Utah. Knerr has had a very good record as an administrator and public official. Watt and Gross are both vigorous and have both been successful in the work of conciliation. Both Watt and Gross have held public office in their States

and have had a good record. Gross is perhaps the more impressive but Watt is very vigorous and persistent. He is a loyal sort of fellow and would tend to be a peacemaker.

You know Berres and I do not know him.

I haven't thought of any one else as a possibility, but shall of course continue to study the situation. I asked Mr. McGrady for suggestions before he left but have to date received none. I think he hesitates to make a recommendation because of the complications between the A. F. of L. and the C. I. O.

I shall carry out our plan about seeing Mr. Berres.

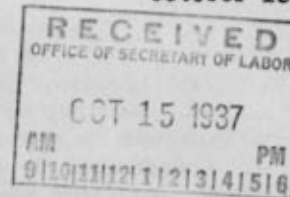
Walter L. Smith

TSE Labor
PF
Bulkins

October 15, 1937.

MEMORANDUM

To: Secretary Perkins.
From: Mr. Riefler.



A. The immediate prospect is for a decline in the volume of production reflecting:

1. The liquidation of excess inventories built up over a wide range of products during the preceding year, in anticipation of higher prices, and stoppages due to industrial unrest.

2. A temporary over-saturation of the market for new motor cars. (Total production of new cars during the motor year now closing will be in excess of 5,000,000 units whereas the normal market for new cars under conditions of prosperity probably averages around 4,600,000 units. This fact in itself would indicate a smaller market for new cars. The tendency will be accentuated by the rise in prices of the new models and by the fact that they will not differ greatly in design from those offered during the past year.)

A recession due to these two causes alone would be distinctly noticeable. It might well run through the spring and possibly into next summer, and would be reflected probably in a decline of between five and ten per cent in the average level of the Federal Reserve Board index of production. It would, on the other hand, be fairly normal. The revival of business activity since 1933 has been longer and more sustained than usual, and the more urgent shortages of goods and equipment built up during the preceding drastic decline have been eliminated. If the underlying factors at work to impair the business situation were limited to those outlined above, the recession would disappear sometime during 1938 under the impetus (a) of a fairly sustained consumer demand, (b) the maintenance of easy credit conditions, and (c) the gradual expansion of foreign trade which is now going forward.

B. I have recently become apprehensive that the decline which we face may become much more serious than a recession of this character. This apprehension is based in the main on three factors in addition to those already cited:

1. The radical and sudden change in the outlook for the railroads. During the past two years it seemed as though the rails were really emerging from the serious financial difficulties which for so long prevented them from sustaining employment through an adequate volume of maintenance work and a program of replacement for rolling stock much of which was becoming obsolete. Within recent months, they have experienced a new and sudden rise in costs, both in labor and materials, which has seriously impaired their net earnings and has already been reflected in a sharp decrease in maintenance activities. Under these circumstances, a moderate decline in business activity may cause a sufficient drop in railroad gross earnings to create a really critical situation in the market for railway bonds.

2. The disappearance of the market for equity capital to finance new enterprises. In the money markets, borrowers who merit a triple A rating can obtain long-term money at very low rates. Short-term bank credit also is fairly available. Equity capital, on the other hand, is scarce to non-existent even for fairly moderate business risks. This condition has prevailed to a certain extent since early in the depression. Recently, it has been sharply accentuated as a result of drastic losses suffered by underwriting houses. Inasmuch as the underwriting house occupies a key position in the provision of equity capital, the fact that serious losses have been experienced on flotations of relatively high-quality equity securities, is particularly unfortunate at this juncture in the business cycle.

3. The rapid rise in costs this last year has made the whole business situation more sensitive to a moderate decline. We can see this in construction where actual commitments have been postponed on a wide front. The most critical point outside the construction industry is that even a moderate drop in volume, in the face of present costs, even though the levels should not fall below last year, will be reflected in such a sharp drop in net income that business men, small as well as large, will tend to cut deferrable expenditures to the utmost.

Winfield W. Riefler.

FOR MEMORANDUM-REFERRED TO-

SEE--Wages and Hour Bill folder

Drawer 2--1937

DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

*file
Perkins*

*PSF
Labor*

October 23, 1937

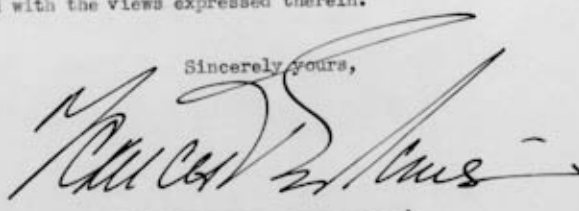
Honorable James Roosevelt
Secretary to the President
The White House
Washington, D. C.

Dear Mr. Roosevelt:

I enclose herewith a memorandum prepared in the Office of the Solicitor of Labor, commenting on the suggested revisions of the Black-Connery bill made by Mr. M. D. Vincent, which suggestions were enclosed in your letter of September 16, 1937.

You will note that the memorandum takes up each of these proposals in order and analyzes and comments upon them. I have examined it carefully and am in accord with the views expressed therein.

Sincerely yours,



PSF Labor

File
Bussal

THE WHITE HOUSE
DEC 23 10 28 AM '38
RECEIVED

December 22, 1938

Wheffield

My dear Mr. President:

Jesse Jones is trying very hard to find that post that you asked me to uncover for Smith. I think you may have to say to him that you really want it very much if you do.

He seems the most likely person to find something. The others all looked blank when I spoke to them.

Sincerely yours,

Laurens Perkins

The President

The White House

[1939]

THE WHITE HOUSE
WASHINGTON

5/10 - 3.42 P

BSP
W W

LABOR

Miss Perkins 'phoned:

"It appears that the conference between the Operators and Miners is just about through -- they kept getting further apart all the time to the point where we have thought it best to keep them in separate rooms.

"John Lewis is mad, rough and angry and everybody is mad; there is no more of that peaceful talk that the President heard yesterday.

"We think, therefore, there is nothing left for Steelman to do but in the course of the next two or three hours -- about half past five or six o'clock -- to say that he regards the conference as unsuccessful and a failure and over and that he (Steeleman) recommends therefore that, since there is some disposition on the part of some operators to get together and in view of the need of the country for

THE WHITE HOUSE
WASHINGTON

-2-

coal, those who want to make an agreement with the United Mine Workers should make it as quickly as possible and, in the meantime, those who have not the disposition to agree should establish some method of remaining in conference with the United and the Govt in the effort to find an answer.

"That would mean that most of the northern operators will sign within a week and coal will move but there will be a strike declared in the south. It will be a full time regular strike in which we will make, within a day or two, an appeal for everybody not to lose their heads and have people go hungry, etc.

"John Lewis is very ugly today -- very ugly -- and we don't know how to handle him. One of those moods are on him.

THE WHITE HOUSE
WASHINGTON

-3-

"I really believe that it would be a wise thing for the President to call John Lewis at the "Hotel Biltmore (Room 303)-- the office of Steelman and pacify him -- give him a little flattery. It will go a long way with John. If I knew when the President will 'phone, I will arrange to have John there so that there is no publicity.

"I am afraid John may go off and say that he went on strike because the President let him down. He is likely to do that and then think about it afterwards.

"If the President calls him it may make a difference in what he says to the press although I don't think it will make a difference in the final result."

K

PSF Labor

July 5, 1939

file personal
67

CONFIDENTIAL
MEMORANDUM FOR

FRANCES PERKINS

Please read and return.

F. D. R.

Enclosure

fdr/tmb

Memo for the President from Marshall E. Dimock, Dept. of Labor re John L. Lewis and the CIO 6/17/39 and accompanying memo to the President from James Rowe, Jr., 6/19/39 "Marshall Dimock Assistant Secretary of Labor, asked that you see this as soon as possible" sent in sealed envelope.

file personal

PSF
Labor 1

DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY
WASHINGTON

August 18, 1939.

MEMORANDUM TO THE PRESIDENT:

Since my last talk with you in regard to the Wages & Hours Division, I have talked at considerable length with the Budget Director and one or two absolutely trustworthy people about the problems involved in the Wages & Hours Division for which you asked the Budget Director and me to find a solution. As a result of this, I would recommend that you do, and this, of course, is no official but an entirely personal informal recommendation,-

First, Appoint the gentleman whom you wish to resign to the post of Alien Property Custodian. (The incumbent has just resigned.)

Second, Direct Col. Philip B. Fleming, District Engineer, Corps of Engineers, 615 Commerce Building, St. Paul, Minn., to proceed to Washington and take over the administration for an unnamed period of time.

I don't think anyone else can straighten it out so well. The advantage of a military man is that he has a safe, secure post to which to return and no one, therefore, can ruin him by threats, political or otherwise. Moreover, he is trained to administration and executive work and isn't emotional about it. He is accustomed to getting things done the quickest and cheapest way. Col. Fleming, in addition to the usual military equipment, is a man who has had excellent experience and an excellent record in civilian administrative work. He got on well with labor and with contractors. He is not a vain or dominant personality but just hews the way to the line and gets the work done. He was always very cooperative in taking the suggestions of civilians who had particular experience. In addition, a military man is under your authority. You can tell him to take the job and he has to.

Almost all of the other people whom we have thought of and discussed, when approached even cautiously backed off giving reasons why they couldn't or shouldn't take the job at this time. It is quite natural that they should do this as they don't know the length of time of service and the good ones would all have to give up good jobs in order to do it. A military man will quickly squelch the jealousy that exists there and be perfectly untouched by the reverberations. I really think it is the wisest thing to do.

Mr. Andrews is now back in the East and while I think he is somewhat prepared for certain changes, I believe it will be necessary for you to see him yourself or speak with him on the

telephone at least with regard to the post of Alien Property Custodian. I believe the office is in New York and his personal problems will be submerged in the interests of the city.

Francis S. Hall

DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

*file
Confidential PSF
Lester*

February 7, 1940

MEMORANDUM FROM THE PRESIDENT
FROM THE SECRETARY OF LABOR

I am returning to you the confidential
memorandum which you sent with your memorandum of
February 1st and appreciate your letting me read
it.

*Re: John Lewis
(attached)*

Thomas V. Blanton

Enclosure

*File
Personal*

February 1, 1940

~~CONFIDENTIAL~~ MEMORANDUM FOR
MISS PERKINS

Please read and return. This should be kept confidential but you might keep the information in the back of your head which, by the way, is not "woozy".

F. D. R.

Enclosure

fdr/tmb

Let to Gen. Watson 1/26/40 from Asst. Sec. George S. Messersmith enclosing memo containing a resume of a conversation which a member of the staff of our Consulate General in Mexico City had with Diego Rivera, the well-known Mexican mural painter with respect to alleged financial aid given by Mr. Lewis of the CIO to a Mexican labor organization. "Perhaps the most significant part of the memorandum is the statement that Mr. Lewis has been in direct communication with President Cardenas on the matter of transfer of funds."

For the President:

EMW

E.M.W.



DEPARTMENT OF STATE
WASHINGTON

January 26, 1940.

~~CONFIDENTIAL~~

Dear General Watson:

I am sending you herewith a memorandum which I believe will be of interest to the President, as it contains a resumé of a conversation which a member of the staff of our Consulate General in Mexico City had with Diego Rivera, the well-known Mexican mural painter, with respect to alleged financial aid given by Mr. Lewis of the C.I.O. to a Mexican labor organization. Perhaps the most significant part of the memorandum is the statement that Mr. Lewis has been in direct communication with President Cárdenas on the matter of transfer of funds.

Very sincerely yours,

George S. Messersmith
Assistant Secretary

Enclosure:
Memorandum.

General Edwin M. Watson,
Secretary to the President,
The White House.

Mr. James B. Stewart, American Consul General, at Mexico City, Mexico, has reported in his despatch no. 1268 of January 17, 1940 that in an interview which a member of his staff had with Diego Rivera, the well-known Mexican mural painter, Mr. Rivera stated among other things as follows:

"Mr. Rivera referred to the meeting held on January 10 at the Teatro Hidalgo (see Consulate General despatch no. 1259 of January 11, 1940) and said that what was voiced there represented the objectives of the so-called 'Stalinist agents.' Their primary purpose is to prevent Latin American cooperation with the United States and solidarity in the Western Hemisphere and for this reason what is called the 'imperialist program of the United States in Latin America' is shown as a menace to the independence of the American Republics.

"I asked him how Communism is financing itself in Mexico and he said that most of the funds come from the United States. In this connection he spoke of two visits which Alejandro Carrillo, a communist, editor of El Popular and one of the leaders of the CTM had made to the United States during 1939. The first was in September, on which occasion he visited in Washington. Mr. Rivera

said

said that Mr. Carrillo returned with 140,000 dollars in American currency, which was promptly distributed, with the result that those affiliated with the Communist Party could easily be identified by the distribution of this cash throughout Mexico. On his second visit in November, Mr. Carrillo called on Mr. John L. Lewis, head of the CIO in Washington. At this time it was reported by Mr. Carrillo that the CTM was in financial difficulties and that he had come to Mr. Lewis with the idea of getting a cash advance. According to Mr. Rivera, Mr. Lewis listened attentively and said that he would be delighted to accede to the request but that he had a verbal understanding with President Cárdenas whereby matters of mutual interest would be freely discussed between them and, therefore, he felt that in this case he was obliged to inform the President of Mr. Carrillo's request. This he did by telegram, receiving a reply to the effect that if the CTM was in difficulties it was purely a Mexican matter and that Carrillo should have approached the President with a view to securing the necessary funds. Mr. Lewis is alleged to have shown the telegram to Mr. Carrillo and then stated that although he was estopped from aiding the CTM in his official position as head of the CIO he would be glad to help out in a personal way and asked Carrillo the amount
he

he desired. Carrillo said he needed \$14,000 dollars, whereupon Lewis wrote out his check for this amount, with which Carrillo returned to Mexico. Rivera said that he received this information from Mr. Brodtkin, one of the CIO leaders in the United States who was present at the time that Carrillo made his visit.

"Mr. Rivera said that all financial transactions of the Communists are carried on with the Banco Capitalizador de América, S. A., in Mexico City. Its Manager, Herbert (Harry) Skipsey, is a Russian Jew who has changed his name and who is one of the leading Communists in Mexico. In this connection, Mr. Rivera stated that there are only three important communist leaders of foreign origin who had any prominence in the Mexican Communist Party: Skipsey, Hans Otto Meyer, a German jew, and Mr. A. Kamarowsky, one of Lombardo Toledano's lieutenants."

COPY

TBF Labor
Labor

THE WHITE HOUSE
WASHINGTON

February 9, 1940.

MEMORANDUM FOR THE PRESIDENT:

Re- Employment and Payrolls in January

In the absence of the Secretary of Labor, Dr. Lubin suggested I communicate the following preliminary figures to you:

Employment declined 2.8 percent against a calculated seasonal decline of 2 percent.

Payrolls declined 5.6 percent against a calculated seasonal decline of 4.9 percent.

I might add that the Federal Reserve Board index for January declined eight points to 120 and is expected to fall to 110 in February.

Signed-Lauchlin Currie

PSF Labor

THE WHITE HOUSE
WASHINGTON

July 16, 1940.

MEMORANDUM FOR
THE SECRETARY OF LABOR

After all these years of
trusting you I believed that I
could let you go to Chicago
without a chaperone. You really
must not let the camera men catch
you when you are so truly coy!

F. D. R.

[PSF, Labor Dept]



file personal

DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

PSF

Labor

THE WHITE HOUSE
AUG 14 4 04 PM '40
RECEIVED

August 14, 1940

MEMORANDUM FOR THE PRESIDENT
FROM THE SECRETARY OF LABOR

I have had a second talk and final answer from Edwin Smith and he says he will not resign. I therefore recommend that you look once more at the memorandum I sent you on August 9th (copy attached). Perhaps you know of some other way of persuading him to resign. I have not been able to, although I put it as directly and politely as I could.

If you are going to appoint Madden to the Court of Claims it should be done right away. Father Haas said very definitely he will not accept the appointment in Madden's place unless he (Madden) has been honorably taken care of.

Frances Perkins

Enclosure

August 9, 1940

MEMORANDUM TO THE PRESIDENT:

I have canvassed the question of the appointment of Chairman of the National Labor Relations Board as thoroughly as I can at this time. There is one school of thought, including Senator Thomas, Abe Murdock and other good and wise friends on the hill, who think Madden should be reappointed. Solicitor General Biddle and Attorney General Jackson also think he should be reappointed.

I had a visit from Edwin Smith and Charles Fahy telling me how important it was that Madden should be reappointed. As I told you on the telephone the other night, I took advantage of the situation to say to Edwin Smith that if he himself resigned I believed that Madden's reappointment would be made by you. He seemed somewhat surprised but said he would think it over. I have not heard from him as yet and as he has been out of town I have not been able to follow him. I will do so.

If Smith should resign I think you should reappoint Madden and appoint to Smith's place one of the following:

Magr. Francis Joseph Haas
Prof. H. A. Mills
John G. Winant
Dexter Keeser

I have talked with all of these men. All of them are unwilling to take the appointment but on being pressed say that if the President regards it as their duty they will. This includes Father Haas who was most unwilling at first. He will, of course, have to have the consent of his Bishop but believes he can get it. He does not want to open the question with his Bishop unless he is certain that you wish to appoint him. I think that Winant deserves something better than this post after the hard jobs he has done and because of his peculiar political position. I have also thought of Carter Goodrich as a possibility if none of these suits you, but since you indicated an offhand preference for Father Haas I worked hardest on him.

I have talked with Jefferson and find that he would be

- 2 -

Memorandum to the President

favorable and believes he can work with and secure results with all or any of these gentlemen.

I think it most important that you appoint Madden to the Court of Claims and announce his appointment well in advance of making any appointment in the Labor Relations Board. I shall talk with you about it but thought it best also to put this memorandum on your desk. His term expires on August 27th.

Presidential file of correspondence

THE WHITE HOUSE
WASHINGTON

R.F.

Give to the President the day
he returns to Washington.

F.D.R.

WASHINGTON
THE WHITE HOUSE

DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

August 1, 1940

THE WHITE HOUSE
Aug 2 2 06 PM '40
RECEIVED

MEMORANDUM FOR THE PRESIDENT
FROM THE SECRETARY OF LABOR

I had quite a talk with Congressman Abe Murdock today and I think that before you make up your mind about the appointment or reappointment of Madden you ought to speak to him. He seems to want a chance to tell you what he thinks, but didn't feel like asking for it.

I will follow up the other clue on the Smith resignation myself and let you know if I have any encouragement.

James S. Smith

PSF
File
Personal
Labor
1-40

DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

December 17, 1940

The President

The White House

My dear Mr. President:

I thought you might like to have a transcript of the statement made by Mr. L. Metcalfe Walling, Administrator, Division of Public Contracts in this Department, in reply to an inquiry made of him at the National Labor Legislation Conference with reference to delay on several contracts coming under the Walsh-Healey Act.

Sincerely yours,



Enclosure

Speech of Mr. L. Metcalfe Walling, Administrator of the
Walsh-Healey Public Contracts Act, before the Seventh Annual
Labor Conference in the Department of Labor, December 11, 1940.

Madame Secretary and old friends, I think I can safely use that term because I look around the hall and see a good many faces that I recognize as having been here other years, particularly when I used to stand on the other side of the table as a State Labor Commissioner. I regret that I was not here yesterday when the discussion came up about the Walsh-Healey Act, which I understand was provoked by the recent suggestion that it was hampering the National Defense Program. I want to assure you, however, that this attack is nothing new. We have had a kind of running fight on this matter for three or four years, and let me also assure you that we haven't been doing the "running".

I notice that the NEW YORK TIMES, among others, whose genial and able correspondent was here up until a minute ago, exercised its constitutional right - and thank Heaven it still has the right - to urge repeal of the Act. It renewed the suggestion yesterday morning in an editorial, short and snappy, which it has been making now for about two years, the refrain that "Carthage must be destroyed" -- Carthage being the Walsh-Healey Act. In order for us to understand exactly the nature of this current attack, based partly on misunderstanding, some of it wilful and some unintentional on the part of a good many people, I think it would be well for us to review the background which led to the enactment of the Walsh-Healey Act in the first place, because it was over four years ago, and I think many of us have forgotten about it. We have taken it more or less for granted and don't realize the mood that the country was in at the time, and the legislative situation with regard to labor standards, which the country faced at that time.

When the N.R.A. was declared unconstitutional, the Federal Government was faced with the legal situation of having no means of control through interstate commerce or otherwise by Federal labor standards of the hours or wages or child labor conditions in factories operating on a Nation-wide basis from the competitive standpoint. The only legislation in effect along those lines was State legislation, and I need not remind you how inadequate that was at that time from the standpoint of controlling competitive industries. So that there was a general recognition on the part of most people who gave any thought to the problem that something ought to be done by the Federal Government, not only to buttress existing State standards, but to make it possible for industry operating on a Nation-wide competitive basis to operate under decent labor standards and to protect those members of industry who were trying to maintain the gains which had been made under the N.R.A.

So the movement was started in Congress, right after the demise of the N.R.A. to salvage some of the social gains which had been made. There was, however, considerable controversy over how this should be done and considerable doubt as to what means might legally be adopted by the Federal Government to do this. And the discussion went on in Congress and in the Nation for more than a year so that the statute was thoroughly considered - and may I say thoroughly fought over - from every point of view.

The suggestion which was originally presented to the Congress was a straight minimum wage law and a maximum hour law with child labor protection, but the argument was made that we must not allow the administrators of such legislation to fix labor standards, but that there ought to be more general control by the Congress itself, and some definite predetermination of what wage standards would be. It was generally agreed that it was legitimate, proper and legal for the Federal Government to utilize its vast purchasing power to give a lift to good labor standards, so the suggestion was made to revise the minimum wage law, of the kind which the States were familiar with, by adding the approach which the Government had used in the Bacon-Davis Law applying to public works construction projects, namely that there should be a predetermination of wages on the basis of existing wage patterns in different parts of the country in different industries contracting with the Federal Government.

It was pointed out that it had been a relatively simple process for the Federal Government through the Department of Labor to go into different communities and predetermine what wages were being paid in the building trades, but I am afraid that not as much consideration was given as might have been desirable to the quite different problem of trying to do that on a Nation-wide basis for competitive manufacturing industries which were going to bid on contracts, the exact site of performance of which could never be determined, as you can predetermine the site of a construction project. So there crept into the law this entirely new standard of determining or setting minimum wages, the requirement that the wage should be determined on the basis of the prevailing minimum wage paid in the locality where the work was to be performed. So that we have had the rather difficult administrative job of trying to make economic common sense out of a very difficult standard in the law which had not hitherto been used and which was somewhat inconsistent with itself, because a prevalent wage may not necessarily be a minimum wage.

The Act also provided, as you know, for an eight-hour day and a forty-hour week with the requirement that overtime beyond those hours must be paid for on the basis of time and a half. It prohibited child labor on government contracts over \$10,000 in value, which was the jurisdiction established in the Act, and it prohibited the use of convict labor. May I say parenthetically that we have

never had any convicts reported as working on government contracts in over four years. And then by a provision of the Act defining a manufacturer which was supplemented by an administrative regulation, industrial homework is also prohibited on government contracts through the requirement that a manufacturer to be qualified to have a contract must perform the contract on the premises, which means that he cannot ship out a part of the work to be worked on in homes.

Then there is the final requirement which many of you are interested in, the requirement that the work shall be performed under safe and sanitary working conditions, the standard of what constitutes safe and sanitary working conditions to be determined in the first instance by the State where the establishment is operated, the State standard being prima facie evidence of compliance. Under this provision we have been able to have the cooperation of about a third of the States which regularly send us reports from their office records of inspections made on the safety and health records of the establishments within their jurisdiction. The other States do not give us this information, not because they do not want to cooperate, but because they do not have the facilities for gathering it or do not have standards under which such information could be supplied. We are very grateful to those States which have been regularly supplying us with information and it has been very helpful to us in carrying out the safety and health standard of the Act.

We are supplying regularly to most of the States, I think, copies of our weekly bulletin of awards of contracts made; and for many of the States which have been particularly interested and have requested us to make a breakdown we send a special weekly report giving the awards for that State specially listed so that the Department of Labor in the State can make whatever use of that information it wants. And we have recently, in an attempt to cooperate with the National Committee on Safety which the Secretary has just appointed, adopted the policy of advising each contractor who obtains a contract subject to the Walsh-Healey Act of the fact that through the services of this National Committee the contractor can have free expert advice from industrial safety experts in his State and community as to what standards he can adopt and what moves he can readily and inexpensively make to promote safety conditions in his establishment.

Reference was made here yesterday to the fact that we had 16,000 industrial deaths due to industrial causes in 1939 and that we had a million and a half disabling industrial accidents. We are keenly aware, I think, all of us, of the vital importance, not only from the humanitarian standpoint but from the standpoint of the successful and speedy prosecution of the National Defense Program, that this figure of 16,000 deaths and a million and a half accidents be materially cut. We realize that that is not an easy job because the rapid expansion of the defense industries inevitably means that a great many new and inex-

perienced workers, in many cases young people having their first job, are being brought into industry without the necessary knowledge of the hazards and without the necessary maturity to take steps to protect themselves against accidents; and that there will inevitably be, unless serious effort is made, an increase in the accident and death rates which might materially retard the prosecution of the defense program.

Now I think, in view of the statement which was made recently that the Act has been and is still a hindrance to the prosecution of the defense program, I ought frankly to tell you the whole story.

I have made a statement to the press which I shall be glad to supply any of you if you want to have it, of the factual details but I want to tell you in substance what the situation is now with regard to this charge that the Act is hindering the defense program - and the same charge, of course, is made against the Wage and Hour law. Some of the charges which have been made come from sources which we know have always opposed labor legislation and we, therefore, can properly evaluate them. The rest, however, come from sources which are genuinely interested in the welfare of labor but which have been misled into thinking that there is a serious obstacle to the prosecution of the defense program. There has been a systematic and rather effective use of the false analogy that the French labor legislation, for instance, led to the collapse of the French Republic.

I think the Secretary referred to that yesterday and I won't go into detail except to remind you again that the French legislation was entirely different. French industry was basically tied down as a practical matter to a rigid 40-hour week, not merely for the individual shift but for the entire establishment, whereas both the Walsh-Healey Act and the Wage-Hour Act were very carefully framed to avoid that rigidity and to permit unlimited overtime if necessary, so long as time and a half, the customary, usual rate in American industry, was paid by the contractor. There is absolutely no justification for the charge that hours are being unnecessarily restricted and thus interfering with the prosecution of the defense program.

Now we have under Section 6 of the Act ample authority to exempt an entire contract or class of contracts, if necessary to permit the rapid supply of commodities to the Federal Government, and it seems to me that if there were a serious obstacle on the part of bidders to submitting bids subject to the restrictions of the Act this machinery would have been utilized to a greater extent than it has been. I want to tell you briefly the record of requests for exemption which we have received since July 1937, because it speaks for itself as to whether the Act is a hindrance or not. These are the facts: Since July 1937 the Department has received five requests for exemption.

One was a request by the Veterans' Administration to buy movie film to be supplied without profit for use in the Veterans' hospitals. The movie film had been shot long since and no labor would have been involved in the performance of the contract anyway. The exemption was readily granted.

Another was a request by the Army that the Department of Labor qualify certain manufacturers whom the Army was trying to interest in making different commodities from their usual line of products and whom the Army feared might not be technically qualified as manufacturers under the Walsh-Healey Act. As a matter of fact, the manufacturers in question were completely qualified and the Army was immediately so advised so that no exemption was necessary.

Two of the other requests were for clocks, one the 2000 aircraft clocks referred to by Admiral Spear yesterday in his statement charging that the Walsh-Healey Act is a hindrance to the defence program and that there was a four months delay in the procurement of these clocks, for which he blamed the Department of Labor. The facts are that the matter was pending in the Department of Labor for a total of 7 days only out of this period and the rest of the delay can not fairly be attributed to the Department of Labor.

On January 25, 1940 the Secretary of the Navy asked for an exemption on the ground that there were only two qualified bidders in the United States who could make the aircraft clocks in question, one of which had not submitted a bid and the other of which was not willing to pay overtime beyond 40 hours a week in accordance with the requirements of the Act and therefore requested an exemption. Shortly after receiving this request from the Navy I was approached by the company which had not submitted a bid and asked to intercede with the Navy so that a bid might be filed as the company was ready and willing to comply with all provisions of the Walsh-Healey Act but its bid was refused by the Navy on the ground that it was not filed within the time limit. The company advised me that due to an unfortunate absence from his office of the official responsible for making such bids the company had unintentionally neglected to file its bid on time but was eager to take the contract at the same price as that offered by the company seeking the exemption, and in addition would comply with the provisions of the Walsh-Healey Act. I advised the Navy Department of this fact on January 30, 5 days after the request for exemption was made, and offered to help the Navy in any way I could if further assistance was needed, which I assumed would not be the case in view of the second bidder's willingness to take the contract.

As I heard nothing further from the Navy I assumed the matter was settled satisfactorily but six weeks later, on the 18th of March, the Navy urgently renewed its request for an exemption on the ground that the second company which had expressed its willingness to bid

might have to obtain some of its parts for replacement and repair from abroad and therefore it was a less satisfactory source of supply. Under these circumstances, 2 days later, on March 20, I advised the Navy Department that under the terms of Section 9 of the Walsh-Healey Act itself the Navy was legally justified in making the award to the company which had refused to comply with the Act because it came within the open-market exemption.

The second request for exemption for clocks arose when the Navy feared that the successful bidder would be reluctant to comply with the Walsh-Healey requirements and requested an exemption immediately in view of the urgency of the matter. The Department of Labor raised no question about this but accepted the Navy's statement that the slightest delay was very serious and granted an exemption but suggested that the Navy give the exemption to other companies who might be interested in bidding if they did not have to comply with the Act so that everyone would be on the same basis. The outcome of this was that the exemption was not utilized as all the bidders agreed to comply with the Act.

The fifth and last case was a request for an exemption by the Navy to purchase about 37 tons of highly specialized forged armor plate. This exemption also was unnecessary as the Department advised the Navy that the forged armor plate was not subject to the iron and steel wage determination.

I submit to you that if in 3 1/2 years the Government has been able to purchase nearly 3 1/2 billion dollars worth of goods manufactured under the Walsh-Healey Act and during this period of time there have been only five requests for exemption from its provisions, although the possibility of exemption is well known to all contracting officers of the Government, I submit to you that the Walsh-Healey Act can not be a serious hindrance to the defense program or the procurement of supplies by the Government.

And now may I say a word about some of the accomplishments of the Act on the positive side. There is no question in my mind that our refusal in the early days of the Act to emasculate its provisions, either by giving a general exemption for all purchases by the Navy, as was requested, or by giving a general exemption to the steel industry, which at that time did not want to comply with the 40-hour week requirements of the Act, was partly if not largely responsible for the decision of the steel industry to adopt the 40-hour week which just preceded the general policy of bargaining collectively with its employees, the adoption of which was such a landmark in American industrial relations.

Thirty-five industries employing over 2,000,000 workers, or nearly a quarter of the manufacturing employment of the country, are covered by minimum wage requirements in supplying the Federal Government.

The facility with which the 40-hour week requirement of the Fair Labor Standards Act this year was adopted by American industry is partly due, I think, to the fact that American industry by and large had been operating to a large extent on the 40-hour week anyway because of the provisions of the Walsh-Healey Act.

Over half a million dollars has found its way into the pockets of workers on Government contracts who have been underpaid in accordance with the labor standards of the Act, as a result of the activities of the Department of Labor, despite the fact that their employers had agreed to pay overtime and minimum wages. In no case has it been necessary for the Government to go into Court to recover any of this money due employees, for their employers have paid it voluntarily when the debt has been called to their attention and the employees have received their due without the delay and expense of litigation.

I have not time here to comment any further on the accomplishments of the Act, but you should bear these things in mind when you are appraising criticism of the Act. I have no desire to shut off legitimate criticism and I am the first to recognize its value, but facts are facts and the public is entitled to know them.

I want to say to you that many of the people who argue that the Walsh-Healey Act is no longer necessary do so not, as they say, because its provisions now have no meaning since the Wage and Hour law has come along and taken its place, but they do so because they recognize that so many industries which are effectively outside the reach of the relatively low standard of the Wage and Hour law, the 40-cent minimum, will be immune from any regulation by any outside force, including the Government, if the provisions of the Walsh-Healey Act with its requirements for a determination of the prevailing minimum wage in industry are not retained. I want to assure you that we are aware of the nature of the attack, of the danger to which labor standards in general are exposed, and I want to pledge to you that wherever there is a genuine situation which needs correction I would be the first one to recommend that it should be handled under the flexibility which the Act wisely provides; but I do want to say that we are not going lightly to participate in the breaking down of standards on Government work itself, which can have very far reaching consequences leading perhaps to the eventual breakdown of labor standards generally throughout the country. The way to fight to preserve democracy is not to destroy it at home.

PSF Labor

February 12, 1943

IMPORTANT TO GET O. K. TODAY

MEMORANDUM FOR THE PRESIDENT

FROM FRANCES PERKINS

SUBJECT: 1. Social Security
2. Secretary's speech thereon.

Under your suggestion I made one large and one small speech on our proposed extension of Social Security plan while you were away. It went very well. Comment good, even among conservatives.

I purpose to speak on same thing on Sunday afternoon, New York School of Social Research. Is this O. K.?

1. I am careful to say Plan is being prepared by experts on Social Security in Social Security Board, National Resources Board and Department of Labor.

"It will be sent to President soon - not there now".

2. I avoid entirely the politically controversial matter of State vs. Federal systems of unemployment compensation.

3. Altmeyer and Charles Eliot are willing and have seen speech, as well as OWI.

Have I your blessing? Check yes. I am and will be discreet.

YES

PSF

Labor Dept.

2-43

*file
personal*

DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

February 13, 1943

MEMORANDUM FOR THE PRESIDENT

FROM THE SECRETARY OF LABOR

We are doing something about coal here.

Very "hush-hush"! Please don't talk about it, but
please don't let Ickes or anybody else start until
I have told you the detail. I have what I think is
a good idea and some progress here.

James B. [Signature]

Frances Perkins folder
PSC Labor

THE WHITE HOUSE
WASHINGTON

February 18, 1943

MEMORANDUM FOR

THE FILES

The President directed me to telephone the Secretary of Labor and say that the President wanted her to particularly emphasize that this is not, what some people call, a New Deal measure. It has nothing to do with the war, but that it does have to do with getting ready for certain pay roll trends which will occur after the war is over and that these are studies by all kinds of experts as a preliminary thing.

G. G. T.

DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON
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PAYMENT OF POSTAGE, \$300

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Miss Tully

The President
The White House

DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

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YES

Frances Perkins



PSF
Labor

Labor folder 2-45
JAN 27 10 09 AM '45
RECEIVED
WHITE HOUSE

THE SECRETARY OF THE INTERIOR
WASHINGTON

January 25, 1945.

My dear Mr. President:

Lee Pressman has told Abe Fortas that he and Philip Murray had called on you to suggest the name of Justice Douglas for Secretary of Labor. I am not pressing Douglas upon you but I have reason to believe that he might be persuaded to accept such an appointment and I thought that this you would like to know.

I think well of Bill Douglas and regard him as a strong man. His appointment would have the additional advantage of bringing into your Cabinet a man from the Pacific Coast. As you know, that area has felt slighted with respect to major appointments. My own belief is that he would make a strong Secretary of Labor and would build up such a department as I believe that you want and that the labor interests of the country ought to have.

I also have reason to believe that Senator Kilgore of West Virginia would be interested in the Secretaryship of Labor. His term will expire next year and Congressman Nealy would have a good chance to be elected Senator from that state. It is thought that later, if Kilgore ever wanted to run against Revercomb, that he would have a good chance to defeat him. What I know of Senator Kilgore, I like.

Sincerely yours,

Harold L. Ickes

Secretary of the Interior.

The President,
The White House.