

NRA Interpretations

(Continued from Page 2)

less than 2,500 population to increase all wages by not less than 20 per cent; provided that this shall not require wages in excess of \$12 per week.

Interpretation: "Immediate trade areas" is the area in which there is direct retail competition. In case of question the decision shall be made by the local Chamber of Commerce or similar organization subject to review by the State Recovery Board.

(9) Was to pay any employee of the classes mentioned in Paragraph 3 less than 30 cents per hour unless the hourly rate for the same class of work on July 15, 1929, was less than 40 cents

The minimum wage for a part time worker in an employment described in Paragraph 3 of the agreement is a wage such that if the employee worked at that wage for a full week of 40 hours he would receive the minimum weekly wage prescribed for him by the agreement. The minimum wage for a part time worker in an employment described in Paragraph 3 of the agreement is the minimum wage per hour prescribed by Paragraph 3 of the agreement.

(7) Not to reduce the compensation for employment now in excess of the minimum wages hereby agreed to (notwithstanding that the hours worked in such employment may be hereby reduced) and to increase the pay for such employment by an equitable readjustment of all pay schedules.


Paragraph 7 means, first, that compensation of employees above the minimum wage group (whether now fixed 45¢ the hour, day, week, or otherwise) shall not be reduced, either to compensate the employer for increases that he may be required to make in the minimum wage group in order to comply with the agreement, or to turn the re-employment agreement into a mere share-the-work movement without a resulting increase of real purchasing power. This first provision of Paragraph 7 is a general statement of what shall not be done, which is that rates of pay for employees above the minimum wage group shall be increased by equitable readjustments. No hard and fast rule can be laid down for such readjustments, because the variations in rates of pay and hours of work would make the application of any formula unjust in thousands of cases. We present, however, the following examples of the need for and methods of such readjustments:

Example 1. Employees now working 40 hours per week in factories. When hours are reduced to 35, the present rate per hour if increased one-seventh would provide the same compensation for a normal week's work as before.

Example 2. Employees now working 60 hours per week in factories. When hours are reduced to 35, a rate per hour if increased one-seventh might be insufficient to provide proper compensation. But, to increase the rate by five-sevenths

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in order to provide the same compensation for 35 hours as previously earned in 40, must impose an inequitable burden on the employer. The 40-hour week might have been in effect because of a rush of business, although a 40-hour week might have been normal practice prescribed for him by the agreement. Seasonal or temporary increases in hours now in effect, or recent increases in wages, are proper factors to be taken into consideration in making equitable readjustments.

The policy governing the readjustment of wages of all employees in what may be termed the higher wage groups requires, not a fixed rule, but equitable readjustment in view of long standing differentials in pay schedules; with due regard for the fact that payrolls are being heavily increased, and that employees will receive benefits from shorter hours, from the re-employment of other workers, and from stabilized employment which may increase their pay by earnings.

The foregoing examples indicate the necessity of dealing with this problem of "equitable readjustment" of higher rates of pay, on the basis of consideration of the varying circumstances and conditions of the thousands of enterprises and employments involved. Any attempt to define a national standard would be productive of widespread injustice. The National Recovery Administration will through local agencies determine carefully the manner in which employers comply with their agreements and certify "equitable readjustments" and will take from time to time and announce from Washington such action as may be necessary to correct clear cases of unfairness and to aid conscientious employers in carrying out in good faith the terms of the agreement.

When an employer signs an agreement and certifies his compliance, and also joins in the submission of a Code of Fair Competition before Sept. 1, 1933, his determination of what are equitable readjustments" should be accepted, at least prior to Sept. 1, as a prima facie compliance with his agreement, pending action by NRA upon the code submitted, or any other action by NRA taken to insure proper interpretations or applications of agreements. This will afford NRA an opportunity to survey the general results of the re-employment program and to iron out difficulties and misunderstandings over agreements that are of a substantial character.

Paragraph 7 prevents the reduction of compensation in excess of the minimum, whether it is paid by the hour, day, week or month.

Therefore, an employee previously paid by the day, week or month will receive as much for the shorter day, week or month.

An employee previously paid by the hour will receive as much per hour, but as shortening his hours will reduce his actual earnings per day or week his compensation per hour is to be increased by an equitable readjustment.

There is no fixed rule which can be applied to determine what is an equitable readjustment. In general, it will be equitable to figure what the employee would have earned at his previous rate per hour in a normal week in the industry, and then to increase the hourly rate so as to give him substantially the same compensation as he would have received for that normal week. But consideration must be given to other factors, including: Is the existing rate high or low compared with the average rate paid in the industry? Will the resulting adjustment result in an unfair competitive advantage to other employers or other trades or industries? Will a longstanding wage differential be lost if there is no increase in the existing rate?

Where an employer is bound by the terms of a contract with a labor organization entered into as the result of bona fide collective bargaining and he is unable to effect a change in such contract by agreement in order to comply with the terms of the President's re-employment agreement, he may certify his compliance with the President's agreement with the following exception: "Except as required to comply with the terms of agreement in effect between the undersigned and (name of labor organization)."

It should be understood that this exception can be made only in the case of a contract not subject to change at the discretion of the employer and then only after a certified copy of the contract has been filed with the National Recovery Administration and its approval has been given to the exception stated.

(8) Not to use any subterfuge to frustrate the spirit and intent of this agreement which is, among other things, to secure employment by a universal covenant, to remove obstructions to commerce and to shorten hours and to raise wages for the shorter week to a living basis.

Interpretation: The agreement imposes no limitation on the maximum hours of operation of a store or service.

(9) Not to increase the price of any merchandise after the date hereof over the price on July 1, 1933, by more than is made necessary by actual increases in production, replacement, or invoice costs of merchandise, or by taxes or other costs resulting from action taken pursuant to the Agricultural Adjustment Act since July 1, 1933, and in setting such price increases, to give full weight to probable increase in sales volume and to refrain from taking profiteering advantage of the consuming public.

Interpretation: Where the July 1, 1933, price was a distress price, the employer signing the agreement may take his cost price as that date as the base for such increase in selling price as is permitted by Paragraph 9.

(10) To support and pro-

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