North-South wage differentials in the textile industry

Richard Ross
Atlanta University

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R. R.
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CHAPTER I

INTRODUCTION

The purpose of this study is to show the apparent forces that are responsible for the gap between the North-South wage differential, and also the forces that are responsible for the narrowing of the gap between the two regions.

Chapter II deals with the location of the textile industry in the New England States, and why it was expedient to do so. We will note in this chapter the shift from the North to the South and the rationale behind this move. We shall also note the role that the union played in an attempt to improve working conditions within the textile industry, also to bargain for increases in wages and to obtain shorter working hours for the mill workers.

Chapter III deals with the transformation of the southern textile industry from a highly decentralized industry with small, individually owned plants into one of the integrated industrial giants. This move was designed to free themselves from the commission house, which was draining profits away from these individually owned mills and in many cases forced them to liquidate their assets.

Chapter IV is the heart of this study. This is the chapter that actually shows the wage differences between the North and South. The comparison of union wages in the two regions covers a seven year period, 1948-1955. The materials used to illustrate or to show these differences are: (1) a table of average straight time hourly earning for selected
occupations in the cotton textile industry by selected areas, occupation and sex, April, 1948; (2) a table of average straight time hourly earnings of men and women in selected production occupations in the cotton textile industry, by selected areas, November, 1955; (3) a table of insurance and pension plans: percentage distribution of workers in cotton textile mills in selected regions, March 1952; (4) a table of formal provision for paid holidays percentage distribution of workers in cotton textile mills, in selected regions, March 1952; (5) a table of percentage increase in average hourly earnings from January 1950 to July 1953; (6) a chart that shows month to month adjustments of wage in cotton, silk and synthetic broadwoven fabric from January 1950 to August 1953.
CHAPTER III

HISTORY OF TEXTILE INDUSTRY

In order to compare the North-South wage differential adequately, recognition must be given to the historical background of the textile industry in relation to: (1) its position in the North; (2) shift South; and (3) the role of the union.

Position in the North

The textile industry had its beginning in the New England States. This leadership of the New England States in the textile industry was due to a variety of causes.

1. Her marine position and early economic development placed her in a stronger position both for obtaining supplies of raw material and serving other parts of the country.

2. The southern states producing raw cotton and the other raw material in greater quantities were not so industrially advanced and hence instead of competing with her served as a source of raw materials.

3. Her natural advantage in humid climate and water power as a result of her geographical position along the sea coast favored establishment of cotton and other textile industries. This point is of some importance, especially in the case of cotton textile industry because spinning of cotton demands a moist climate, otherwise the thread breaks.

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2Ibid., p. 230.
Today moist climate is no longer an important factor, for the air of the factories can be moistened by artificial means. In the early stages of industry, this problem was not a simple one. The moist oceanic climate of the martine coast gave the necessary degree of humidity for spinning.

4. New England States faced the seaports of the Atlantic coast, thus facilitating the transportation of both raw and manufacture supplies.

5. Contemporary engineering and metallurgical developments taking place at that time helped to work out a new technique of production.

6. The inherent skill of generations of operatives and the advantages of an early start are the other vital factors which contributed to an early start are the other vital factors which contributed to early growth of the textile industry in this part of the country; these are also vital factors that contributed to the North-South wage differential.

Shift South

The cutting off of foreign immigration has given northern manufactures the alternative of paying high wages to the relatively scarce labor about them or moving South and paying low wages to the still plentiful 'Anglo-Saxons' of the Carolinas and Georgia. Here was a vast labor supply, which the northern manufacturers could and did exploit. There are three reasons why: (1) the character of workers; (2) policies of the employers; (3) opinion of the public.

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1 Constance M. Green, A Case History of the Industrial Revolution in America (New Haven, 1939).


1. The workers were mostly illiterate. Except for a few who were engaged as overseers, those in the plantation districts were victims of a credit system of the landlords which left them little if any real money at the end of the year. Those in the mountains had nothing to sell, or small means of getting out their products if they did; they managed to live with hunting, and by scant crops grown on steep slopes.

2. Managements have encouraged the maxim that the cotton manufacture in the South is a white man’s industry; the implied danger of Negro invasion is supposed to render the operatives glad to hold what they have, rather than reach out for more. Employers have had a whip in the fact that they preside over virtually the only industry. There are no other jobs to go to, either locally or in other accessible places.

3. The cotton mill workers have had little assistance from public opinion. Thinking people conceived the South’s problem as relief from poverty. The welfare work in the villages seemed an important step in that direction. Graceful patronage has been all that public opinion demanded.

We can readily see that the character of the workers, policies of the employers, and the opinion of the public, are very important factors, which can be attributed to the wage differences in the textile industry between the North and the South.

The northern mills have migrated Southward in one of the most conspicuous movements in the whole history of industry. The mill builders

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1 Caroline Ware, The Early New England Cotton Manufacture (Boston, 1937).

2 Ibid., p. 140.
have two motives in using this labor supply — it would be profitable because plentiful and cheap, and it would be an act of charity and patriotism to give them work in their needy state. If any one is inclined to doubt the second motive, he must remember that the South had just come through the Reconstruction period, when all Southern whites were drawn closely together in opposition to the Carpet Baggers and Negroes, and furthermore, a large number of persons in the local communities where mills were projected, occupying positions of importance, acknowledged an appeal to their sense of responsibility. Often also, merchants believed that creation of a payroll was their only salvation.

These two 'drives' - profit and philanthropy - continued side by side in the history of the Southern cotton manufacturer's dealings with his workers. As time has gone on, the desire for profit has outstripped that of service for its own sake, so much so that the latter is only a gesture accompanying the former.2

The South invited this shift. In 1890 a number of textile plants closed down their operations in the New England States to move South. Chambers of commerce, railroads, and power companies advertised the advantages of Southern location, particularly in the matter of low wages, long hours, and absence of unions among the workers. The operatives have been pictured as plentiful, native American, loyal and submissive. Now this unabashed offering of the Southern poor white to the textile manufacturer of the North and, indeed, of Europe, began to dispel the reputation for charity, good will and patriotism which the Southern manufacturer had built up.3

3Broadus Mitchell, The Industrial Revolution of the South (Baltimore, 1931).
Very few, if any, Negro workers were used in the textile industry. 1 There was one occasion that they were used; it was for strike breaking.

Now what bearing does the invitation that the South extended to the Northern textile manufacturers, stating all the advantages that they would be able to enjoy, if they came South, have on the North-South wage differential. Very much indeed; they are heavily weighted factors that cannot be overlooked in making a comparison of the wage differential of the two regions.

The Role of the Union

The roots of the modern textile unions did not go back much beyond the sudden growth of the Knights of Labor in the middle eighties. The New England mill girls had carried on a vigorous ten hours, agitation and had taken part in a series of turnouts in the 'forties' and 'fifties,' but they had failed substantially to improve conditions and had left the field to the incoming Irish and English immigrants. The only group among these who kept alive something of the Lancashire unionism almost from the first were the cotton mule spinners of Fall River. These men were in combination in 1850; by 1858 they had formed an association of New England locals; after the Civil War they had become strongly organized again in 1876, and by 1890 they had finally revived the inter-local association. The spinners had helped the Fall River weavers and card-room hands to combine in 1875, but it had taken fifteen years or more and the assistance of the Knights to form a strong body of English-model locals of these crafts, the slashtenders, loom-fixers, beamers, and others in Fall River.

and New Bedford. These cotton craft unions, drawing their strength from the more skilled workers in the two finer goods cities, believing strong local treasuries and loose federal organization, and already in the 'nineties' winning a recognized standing with their employers were the first of the four union groups in the industry to emerge.

In the Middle States the brief period of organization under the Knights of Labor left behind a number of scattered craft unions, several of which have lasted through 1930. The Knights made little progress in the textile industry, except about Philadelphia and in Fall River, until 1885, the year of the great uprising of unskilled labor. The union drew together one or two of the New England cotton unions and a few weaker crafts from the Middle States, but most of the organizations refused to come in. In 1895 a Socialist victory within the National Union of Textile Workers alienated the New England cotton men, who withdrew and left the National Union to drift. It began to revive in the last year or two of the century, when the American Federation of Labor was bringing the union new recruits gained in its Southern campaign; but it had never been taken seriously by most of the textile unions, and its preaching of industry-wide unionism and its plea for the suppression of the National Craft Union had had little effect. It was this failure of the first attempt to amalgamation, plus the A. F. of L.'s natural wish to place the conduct of the newly-started Southern movement in the hands of an inclusive textile union, that led to the shift of forces in 1901.

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2Ibid., p. 20.
3Ibid., p. 7.
In the older centers of the industry the union movement has been so weak, it has found resources for a good deal of intermittent effort in the Southern mills. The activity there has fallen into four or five periods, separated by years when almost nothing was done. The first hints of organization came in the latter 'eighties, when the declining Knights of Labor made a feeble attempt to organize in the new Southern mills. During the 'nineties,' or at least until 1898, agitation disappeared completely. But at the end of the century the tinder feeling left by the Knights caught fire, and for four years, from 1898 to 1902, the noise of unions and strikes spread through the region, from Georgia to Virginia and back again. The new textile union in the North burned its fingers in a strike at Augusta in 1902, and withdrew any active assistance until 1912, so that another period of silence followed this second agitation. But in 1913 a dramatic strike in Atlanta started a series of local disturbances in Georgia, South Carolina, and East Tennessee that lasted through 1918.

With the end of the war, Southern labor elsewhere, and in the mills of North Carolina, tens of thousands of workers went into the union. Strikes for shorter hours arose all through the State, and several employers undertook not to discriminate against union operatives. But when sharp wage cuts followed the stagnation that came in 1921, the pressure of the newly-powerful operatives was too great for the Northern officials to hold back. The Southern workers called for a stand down fight, and got

\[1\] Ibid., p. 8.

it. At the end of 1921 hardly a single active local survived in the whole region. Inactivity continued until late 1927, when new efforts at organization in the South were put on foot, to be followed by the series of strikes in the spring and summer of 1929, and after that by a general organizing campaign.

The events of all four periods of activity -- 1886-1890, 1898-1902, 1913-1921, and 1928-1930, reveal the background of difficulties which the union movement faces in the South.

On the favorable side, the outstanding fact has been the readiness, in good times, of hundreds and often thousands of the mill workers to join the union, though this has not characterized every organizing attempt. The union has had a hand at ready-made solidarity of the mill people -- in race, language, and religion -- on which to build. At five definite periods the union has had marked success in signing membership -- in 1896-7, 1898-1902, 1913-18, 1919-21, and 1929. Union organizers are agreed that women workers have joined as readily as men, and in strikes their fervor has often exceeded that of the men.

While in the South the textile union, which is the United Textile Workers Union of America, has not had the advantage of a fully developed general labor movement, still the organized craftsmen in the region have contributed generously to textile strikes. This has occasionally had the accompanying feature of hesitance on the part of central labor unions and State federations of labor to agitate in the mills persistently. Many thousands of dollars have in the past been voted to textile workers by these bodies with discouraging results in the way of permanent organization.¹

¹Ibid., p. 61.
Summary

We have discussed the three steps that must be considered before we can adequately compare the North-South wage differentials.

It was pointed out that, the early economic development, natural advantage in humid climate and water power, accessibility of transportation, contemporary engineering and metallurgical developments, and the inherent skill of generations of operatives; are all vital factors which contributed to both, the early growth of the textile industry in the New England States, and the North-South wage differential. There are other factors, which can be attributed to the North-South wage differential (1) the character of the workers in the South; (2) policies of the employers; (3) opinion of the public.

The role of the union in the textile industry has been and is to reduce the working hours, increase wages, and improve the working conditions. There are five definite periods in which the union has had marked success in signing membership -- 1886-7, 1896-1902, 1913-18, 1919-21, and 1929. Union organizers are agreed that women workers have joined as readily as men, and in strikes their fervor has often exceeded that of the men.

While in the South the textile union, which is the United Textile Workers Union of America, has not had a fully developed general labor movement; still, the union is a factor that has narrowed the spread between the two regions wage differences in the textile industry. ¹

Expansion, both vertical and horizontal is another factor that is

responsible for the apparent closing of the gap between the North and South wage differentials which will be discussed in Chapter III.¹

¹Ibid., p. 388-389.
CHAPTER III

THE REGIONAL SIGNIFICANCE OF THE INTEGRATION MOVEMENT IN
THE SOUTHERN TEXTILE INDUSTRY

Vertical

Expansion, both vertical and horizontal, are factors which have contributed to the closing of the gap between the North-South wage differentials. This was achieved by the postwar transformation of the southern textile industry from a highly decentralized industry with small, individually owned plants into one of the integrated industrial giants. The movement in this direction was foreseen for two decades prior to 1940. But the high premium placed on the sale of fabrics and the unprecedented profitability of yarn and fabric manufacture during the last few years have accelerated the tendency for integration. The industry now more nearly resembles the other large scale American industries than it has at any previous period.

While some sections of the industry have not been greatly affected, the proportion of the industry now embraced by the large integrated organizations are so considerable as to make them the characteristic form of industrial organization. The previous practice of judging the industry in terms of the gray goods market and the destiny of the gray mill, which relied on a commission house for its selling and merchandising, is no longer realistic. The economic behavior of these large, vertically integrated enterprises is the major determinant of the industry's well-being.

"Stabilized competition," i.e., that form of industrial competition in which the parties respect each other's prices, where price patterns are set by dominant producers, and where competition through non-price factors are predominant, is increasingly becoming evident in the major sectors of the textile industry. The levels of productive operations are now more quickly adjusted to variations in the volume of sales than ever before. The growth of industrial giants has also coincided with fewer fibre distinctions among companies. Most large interests are producing yarns and fabrics of varied fibres. The textile industry is no longer properly classified as a classic example of competitive industry.

The present trend toward concentration of mill ownership in the southern textile industry gains significance when viewed against the background of the growth of these mills. They generally originated as individual enterprises.

The manner of growth of the industry during the early period from 1880-1900 determined the pattern of mill ownership. These "southern cotton mills were conceived and brought into existence by Southerners. The impulse was furnished almost exclusively within the South against much discouragement from the selfish interests in the North and capital was applied by the South to the limit of their ability." As local investors primarily provided the cash, the combined resources of many persons were required to build one mill.

1Ibid., p. 39.

The principal outside aid came from textile machinery manufacturers and commission houses. The machinery manufacturers fostered the construction of mills and their expansion by accepting stock in their enterprises. But they left no significant mark on the form of ownership. They proposed to dispose of their stock holdings at a discount rather than retain long-term holdings. Their stock was widely sold in the South and provided the base for the active market for stock.\(^1\)

The commission house, on the other hand, began a long history of intimate association with the southern textile industry. Its role must be appreciated because it remained a dominant factor in the industry so long as the mills were individually and locally owned. The commission house appeared in response to the inadequacy of local capital and the lack of merchandising experience. What does this mean in relation to North-South wage differential? The lack of sufficient capital in the community for investment purposes points in the direction of rendering itself as being a factor that can be attributed to the widening of the gap between North-South wage differential. Commission houses helped finance mill construction and received in exchange the agency for selling the mill's products. But financial dependence did not end there, as most mills lacked adequate working capital. This they secured from the selling house in the form of a guarantee of credits, collection agent, discount of accounts receivable and advances on merchandise owned by mills.

The second function performed by the commission housed was that of selling agent. Located in the market, they usually sold the goods "on consignment." They provided contracts with buyers. They also in time

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\(^1\)Ibid., p. 597.


advised the mills on the types of goods to produce, the amounts to produce, and the times at which they should be produced. The individual mills remained helpless before these commission houses. The management was unable to establish itself as an operating manufacturing organization comparable to those prevalent in other industries where the enterprise produces, finances its operations, and sells its product. This dependence was reinforced by many abuses which crept into the relationship between the mill and the commission house, enriching the house and impoverishing the mill. The commission houses were known to make sales at unsatisfactory prices to maintain their commissions though this meant financial embarrassment to the mill. It has, however, been charged by mill owners that they used their mill accounts for their own private speculative endeavors.

Many mills were driven into financial difficulties by the commission houses. Where mill loans could not be liquidated by current collections and sales of goods in stock the mill would be taken over by the merchant. Where this occurs the mill is usually continued in operation, but with no obligation to stockholders and with no purpose of providing a profit from its operations. The commission merchant is satisfied with his usual commission on sales provided he breaks even in the operating end of the arrangement." The relationship was recently described in the following words: "The (commission) house is not run for the mill but the mill is run for the house." As the wealth and importance of these selling agents grew, a number of them became dominant within the industry. While the manufacturing operations continued on a decentralized and highly

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1Ibid.
2Barkin, op. cit., p. 399.
competitive basis, the selling function was highly concentrated in the hands of a small group. The price of goods fluctuated widely, but the commission house's fee remained fixed. Whereas the mill might find its profits erased by its operating and financial policies, it was helpless to alter the situation since the commission house insisted upon a high volume of production to insure sales which would be "moved" at their regular commission.

What effect did the commission house have on wage structure? The commission house had more damaging effect upon the wage structure in the South than the North for these reasons: there was a large amount of independent financing by Northern mills which had adequate financial reserves but which would borrow only to finance off-season production and the carrying of peak inventories. For many years high-grade short-term mill paper of such mills has commanded a ready market among banks throughout the country, including both commercial and savings banks. Independent New England mills have obtained what accommodation they need in this manner, while the Southern independent mills had to look to the commission house for their working capital. There are two reasons why (1) inadequacy of local capital; (2) lack of merchandising experience. This placed the Southern mills at the mercy of the commission house, because management was taken out of the hands of the mill owners; therefore, they had no control over the operation and financial policies, which sometimes found their profits erased. With this situation prevailing in the Southern mills, we

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2^Ibid., p. 8.
can readily see why there could be no justified motive for a wage increase, if wage increase is based on profits. Therefore, this will throw light on North-South wage differentials.

Many owners spent more time speculating on the purchase and sale of cotton than on the operation of their mill. The absence of an effective means of protecting the mill man from fluctuations in the price of cotton and variations in mill margins drove many mill men to this course. Many made or lost more money in this speculative activity than in mill operation.

This interest in cotton speculation diverted the mill man from the manufacturing business. It deterred him from following the textile market, style trends, changes in cloth demands, and from solving the problems of adjustment to them. His behavior created the characteristic two-year business cycle with its periodic financial embarrassment for the mills. Dependence on the commission houses thereby increased. This form of organization made the cotton textile manufacturing industry 'sick' during the twenties while the rest of American industry prospered. 2

As these organizational defects in the industry became apparent, individual mills sought to surmount them. The continued prosperity of many southern mills through the greater part of their first four decades helped them to free themselves from dependence on the commission houses. 3

One effort was to enlarge the size of the mills. Small mills were enlarged into constantly bigger ones. New mills tended to be larger. The average size of mills continued to grow, particularly in Georgia and South Carolina.

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2C. Temple Merchison, King Cotton is Sick (Chapel Hill, North Carolina, 1930), p. 50.

3Ibid., p. 56.
But this step was not sufficient. A more significant move was the horizontal integration of mills. Local people bought up the stocks released by the textile machinery companies and by other local interests. Many men acquired wide flung interests throughout the southern textile industry. But the mills did not alter their basic relation to the commission houses.

A third change was the increase in northern ownership. Many mills had been partially financed through northern commission houses. Some individual mills were built entirely with northern capital.

The drive toward integration and infiltration of northern ownership prepared the industry for the merger movement, which assumed impressive proportions during the twenties. S. J. Kennedy enumerated for the period from 1919-1935, 43 mergers and consolidations, i.e., changes in corporate organizations which involve "the setting up of a central control for a number of distinct operating units previously independent." Of this number, 27 consisted solely of southern plants and eight were composed of northern mills. Over 125 southern mills were affected by these mergers.

Many of the mergers integrated both the manufacturing and sales organizations. During the twenties and thirties, groups of mills controlled by single interests set up their own selling organizations. This trend was particularly strong in the case of manufacturers of mill-finished consumer goods such as sheets, towels, and bedspreads, which could be branded.

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\textsuperscript{1}Kennedy, op. cit., p. 9.

Several important selling organizations reversed this process by buying mills to support their sales. The most significant merger centering about converting and sales organizations was United Merchants and Manufactures, Inc. Another group of mills sought to hurdle deficiencies in industrial structure by creating their own cooperative selling organization. Southeastern Cotton, Inc., is a notable example.

The ownership pattern was also affected by the acquisition of mills by industrial consumers of textiles. The most striking case is the rubber tire manufacturers. Before the war more than 75 percent of the tire fabric output was controlled by tire manufacturers. The same trend toward the purchase of textile mills was evident among surgical gauge, bag, coated fabrics, nap, and shoe lining manufacturers.

Large sectors of the industry were liberated, particularly during the twenties and thirties, from the "sickness" which dominated the industry. While the general run of mills was recurrently affected by the machinations of the selling houses and the depressing influence of overproduction in specific staple lines, integrated organizations were in varying degrees free of these threats. Their earnings tended to be maintained at relatively higher levels than prevailed in most gray goods and yarn mills.

The southern textile industry was moving fast out of the stage of decentralized, individually owned mills entirely at the mercy of the selling house. In many significant sectors dominant concerns, frequently financed by northern capital, erected effective vertical organizations with full command of selling and merchandising organizations, supported

1Ibid., p. 146.
2Ibid., p. 149.
by such techniques as special products and finishes, and reinforced by large advertising programs. These organizations maintained relatively higher rates of profit and were unmolested by the threats of overproduction besetting the vast number of mills still producing for the gray goods market. The print cloth mills took the problem of "overproduction and poor markets" into their own hands in 1938 and 1939 and solved it through collusive action in restraint of trade.

The momentum which the integration movement gained during the thirties was not lost during the war and postwar period. This period favored the forces of integration. Many mill organizations extended their functions forward by adopting selling, converting, manufacturing, and or retailing functions. The mills accepted a strong bargaining position in an era of fabric shortages. They could choose their path of action without risk and with considerable profit. Individual mills broke away from their dependence upon the selling agent.

The lure of converting goods and performing subsequent operations were particularly strong since OPA price regulations allowed the producer to claim each of the subsequent mark-ups. Each new operation provided additional guaranteed profits. Mills which were too low in learning about these devices to build up profits were aided by converters, manufacturers, and retailers in need of fabric. These fabric users were willing to lend themselves to various devices whereby the mill gained a substantial part of the mark-ups if goods were assured them. Many mills went into joint


2Ibid., p. 100.
ventures with these business concerns and collected considerable profit. In other instances, mills entered upon these ventures on their own. Mills also went into the business of converting under pressure from the armed services which demanded delivery of finished goods.

Textile mill management could enter upon these operations because a minimum of skills was required during the period of fabric scarcity. Moreover, the plan fitted in well with the prevailing concept of the course the mills should follow to free themselves from the old of commission houses. They seized upon the opportunity to extend their organizations, both to make easy profits and to gain experience necessary for operating in more competitive periods. New brand names and extension advertising programs were launched to insure later consumer acceptance long before goods could be sold freely in the market. Concurrent with the movement toward forward integration was the one backward integration. The scarcity of fabric placed a great premium on the possessions of a mill.

Vertical organizations extended their mill holdings to insure an adequate supply of cloth. Others bought mills to secure a variety of fabrics beyond that available in their own mill organizations.

One measure, but not a complete one, of the significance of the new integration movement is the changes which have occurred in mill ownership. The movement began in 1943, gained momentum in 1944, and was in full bloom in 1945 and 1946. In 1947 and 1948, mill sales have continued but at a

1Ibid., p. 102.
lower rate. Frequently the change is represented by the shift from a
minority to a majority stockholder's position.

A survey by the Fairchild Publications in the *Daily News Record*,
reports 72 southern textile mills sales, of which four were resales of
mills sales, previously sold, making a net change in the ownership of 68
mills with some 1,900,000 spindles and 33,000 looms. In the rest of the
year 1946, 69 southern mills with 1,700,00 spindles and 38,000 looms
changed ownership. In 1947, 44 southern textile mills with 700,000
spindles and 13,000 looms changed hands. In the first 10 months of 1948,
probably some 30 southern mills were acquired by new owners.

Solomon Barkin reports, "88 percent of the employees; 80 percent of
the mills; 88 percent of the looms 87 percent of the spindles; and 95
percent of the separate finishing plants are part of vertically integrated
organizations. Thirty-five of the 42 leading interest, which employs
278,068 persons in southern textile plants, are vertically integrated
organizations."

Summary

The old pattern of individual ownership of single mills by southern
interest no longer prevails. Industrial giants dominate many branches
of the industry. The overwhelming proportion of the mills is no longer
tied to commission houses with interests at variance with their own. As
a result of improving their financial position, and acquiring experience

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1*Daily News Record*, May 13, 1946.

2Barkin, op. cit., p. 400.
necessary for operating in more competitive periods, the newly integrated mills were able to improve wages thereby narrowing the gap between the North and South wage differentials, which will be shown in the concluding chapter.
CHAPTER IV

WAGE PATTERNS NORTH AND SOUTH

An examination of the textile industry wage patterns in the North and South from September, 1948 to November, 1955 shows that there were no marked changes in wage patterns of the two regions. Characteristically, and historically the textile industry has always been a low paying industry in both regions.

The effects of the general wage changes in both the North and South since January, 1950, as previously set forth, can be tested against the comprehensive monthly Hours and Earnings series compiled by the Bureau of Labor Statistics for cotton and synthetic broad-woven goods. This reporting sample is estimated to include approximately 80 percent of the workers employed in the industry.

The series should, therefore, be expected to reflect reasonably well any appreciable change-up or down-in basic pay levels in the industry. The extent to which the Hours and Earnings series for cotton, silk, and synthetic fibers meets this test is shown by the following specific analyses: (1) Movement of earnings in the North and South, (2) Changes in earnings of individual establishments, by States, North and South.

An analysis of Table 1 shows that straight-time average hourly earnings in the weaving jobs in cotton textile mills ranged from $1.17 to $1.25.

TABLE 1

AVERAGE STRAIGHT-TIME HOURLY EARNINGS1 FOR SELECTED OCCUPATIONS IN THE COTTON TEXTILE INDUSTRY, BY SELECTED AREAS APRIL, 1948

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cards grinders</td>
<td>$1.28</td>
<td>$1.28</td>
<td>$1.28</td>
<td>$1.13</td>
<td>$1.21</td>
<td>$1.19</td>
<td>$1.23</td>
<td>$1.09</td>
</tr>
<tr>
<td>Card tenders</td>
<td>1.12</td>
<td>1.07</td>
<td>1.07</td>
<td>.93</td>
<td>.95</td>
<td>.92</td>
<td>.94</td>
<td>.92</td>
</tr>
<tr>
<td>Doffers, spinning frame</td>
<td>1.22</td>
<td>1.24</td>
<td>1.21</td>
<td>1.00</td>
<td>1.06</td>
<td>1.04</td>
<td>1.12</td>
<td>1.01</td>
</tr>
<tr>
<td>Janitors</td>
<td>.97</td>
<td>.97</td>
<td>.97</td>
<td>.85</td>
<td>.84</td>
<td>.86</td>
<td>.86</td>
<td>.84</td>
</tr>
<tr>
<td>Loom fixers</td>
<td>1.37</td>
<td>1.39</td>
<td>1.42</td>
<td>1.23</td>
<td>1.21</td>
<td>1.33</td>
<td>1.29</td>
<td></td>
</tr>
<tr>
<td>Machinists, maintenance</td>
<td>1.26</td>
<td>1.26</td>
<td>1.34</td>
<td>1.12</td>
<td>1.19</td>
<td>1.20</td>
<td>1.21</td>
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<td>Mechanics, maintenance</td>
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<td>1.34</td>
<td>1.13</td>
<td>1.15</td>
<td>.87</td>
<td>1.14</td>
<td>1.12</td>
</tr>
<tr>
<td>Slasher tenders</td>
<td>1.26</td>
<td>1.25</td>
<td>1.27</td>
<td>1.05</td>
<td>1.11</td>
<td>1.08</td>
<td>1.11</td>
<td>1.01</td>
</tr>
<tr>
<td>Slubber tenders</td>
<td>1.29</td>
<td>1.24</td>
<td>1.30</td>
<td>1.15</td>
<td>1.08</td>
<td>1.10</td>
<td>1.15</td>
<td>1.14</td>
</tr>
<tr>
<td>Truckers, hand including</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bobbin boys</td>
<td>1.02</td>
<td>.98</td>
<td>.99</td>
<td>.88</td>
<td>.86</td>
<td>.86</td>
<td>.90</td>
<td>.89</td>
</tr>
<tr>
<td>Weavers, box</td>
<td>1.47</td>
<td>1.17</td>
<td>1.08</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weavers, plain automatic</td>
<td>1.29</td>
<td>1.24</td>
<td>1.30</td>
<td>1.15</td>
<td>1.08</td>
<td>1.10</td>
<td>1.15</td>
<td>1.14</td>
</tr>
</tbody>
</table>
### TABLE 1 (Continued)

<table>
<thead>
<tr>
<th>Occupation and Sex</th>
<th>New England</th>
<th>South</th>
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<tbody>
<tr>
<td>Battery hands</td>
<td>$1.03</td>
<td>$1.00</td>
</tr>
<tr>
<td>Differs, spinning frame</td>
<td>1.12</td>
<td>1.17</td>
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<tr>
<td>Spinners, ring frame</td>
<td>1.14</td>
<td>1.12</td>
</tr>
<tr>
<td>Weavers, box</td>
<td>1.45</td>
<td>2.25</td>
</tr>
<tr>
<td>Weaver, dobby</td>
<td>1.38</td>
<td>1.38</td>
</tr>
<tr>
<td>Weavers, Jacquard</td>
<td>1.29</td>
<td>1.22</td>
</tr>
<tr>
<td>Weavers, plan automatic</td>
<td>1.12</td>
<td>1.20</td>
</tr>
<tr>
<td>Winders, cone, high speed</td>
<td>1.11</td>
<td>1.06</td>
</tr>
<tr>
<td>Winders, cone, slow speed</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Winders, filling, automatic</td>
<td>1.18</td>
<td>.95</td>
</tr>
</tbody>
</table>

Source: Monthly Labor Review
September 1948, p. 268

1 Excludes premium pay for overtime, and for work on weekends, holidays and late shifts.

--Indicates no data or insufficient data to warrant presentation.
$1.47 among three New England areas and from $ .99 to $1.25 among five Southern areas studied April, 1948. Men weavers tending plain automatic looms (the type most commonly reported in each area) averaged $1.30 an hour in northern New England, $1.24 in the Fall River-New Bedford area of Massachusetts, $1.15 in Charlotte, North Carolina, and northwest Georgia and $1.08 in east central Alabama. Women employed on similar equipment generally average from 1 to 3 cents an hour less. The lowest and highest area averages for the loom-fixing jobs were $1.47 and $1.57 in New England and $1.19 and $1.32 in the South. Men janitors, the lowest paid workers studied, averaged $.97 an hour in each of the three New England areas and from $.84 to $.86 among the southern areas.  

Differences in wage levels among areas in the South were greater than in New England, although in neither region did a single consistently rank as the highest-or lowest-paid area on the basis of job averages. Among thirteen mill jobs for which averages were available in each area studied, the highest and lowest area averages in New England differed by $.05 or less in eleven jobs. In contrast, the wage spread among the southern areas amounted to $.06 or more in ten of these thirteen jobs. Among these thirteen mill jobs, the lowest New England average exceeded the highest area average in the South by amounts ranging from $.04 to $.16 an hour.

An analysis of Table 2 shows that straight-time hourly earnings in the weavers box jobs in cotton textile mills ranged from $1.45 to $1.71

---

<table>
<thead>
<tr>
<th>Occupation and Sex</th>
<th>New England</th>
<th>South</th>
<th>South</th>
<th>South</th>
<th>South</th>
<th>South</th>
<th>South</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Card grinders</td>
<td>$1.45</td>
<td>$1.45</td>
<td>$1.45</td>
<td>$1.28</td>
<td>$1.42</td>
<td>$1.44</td>
<td>$1.44</td>
</tr>
<tr>
<td>Card tenders</td>
<td>1.29</td>
<td>1.24</td>
<td>1.23</td>
<td>1.05</td>
<td>1.14</td>
<td>1.09</td>
<td>1.07</td>
</tr>
<tr>
<td>Doffers, spinning frame</td>
<td>1.42</td>
<td>1.35</td>
<td>1.38</td>
<td>1.10</td>
<td>1.24</td>
<td>1.27</td>
<td>1.25</td>
</tr>
<tr>
<td>Janitors</td>
<td>1.14</td>
<td>1.11</td>
<td>1.10</td>
<td>.95</td>
<td>1.00</td>
<td>1.00</td>
<td>1.01</td>
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<tr>
<td>Loom fixers</td>
<td>1.71</td>
<td>1.68</td>
<td>1.69</td>
<td>1.54</td>
<td>1.54</td>
<td>1.52</td>
<td>1.53</td>
</tr>
<tr>
<td>Machinists, maintenance</td>
<td>1.58</td>
<td>1.80</td>
<td>1.64</td>
<td>1.47</td>
<td>1.51</td>
<td>1.47</td>
<td>1.47</td>
</tr>
<tr>
<td>Slasher tenders</td>
<td>1.54</td>
<td>1.55</td>
<td>1.51</td>
<td>1.37</td>
<td>1.30</td>
<td>1.20</td>
<td>1.37</td>
</tr>
<tr>
<td>Slubber tenders</td>
<td>1.45</td>
<td>1.48</td>
<td>1.53</td>
<td>1.21</td>
<td>1.33</td>
<td>1.33</td>
<td>1.24</td>
</tr>
<tr>
<td>Truckers hand,</td>
<td>1.19</td>
<td>1.19</td>
<td>1.14</td>
<td>.99</td>
<td>1.06</td>
<td>1.02</td>
<td>1.06</td>
</tr>
<tr>
<td>including bobbin boys</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weavers, box</td>
<td>1.71</td>
<td>1.45</td>
<td>1.60</td>
<td>1.39</td>
<td>1.34</td>
<td>1.36</td>
<td>1.32</td>
</tr>
<tr>
<td>Weavers, plain automatic</td>
<td>1.43</td>
<td>1.44</td>
<td>1.57</td>
<td>1.29</td>
<td>1.33</td>
<td>1.36</td>
<td>1.31</td>
</tr>
</tbody>
</table>
among five New England areas and from $1.38 to $1.45 among six Southern areas studied November 1955. Men weavers tending plain automatic looms (the type most commonly reported in each area) averaged $1.57 an hour in northern New England, to $1.44 in the Fall River-New Bedford area in Massachusetts, $1.36 in Greenville-Spartanburg, South Carolina $1.33 east central Alabama. Women employed on similar equipment averaged from $1.10 to $1.24 an hour less.

The lowest and highest area averages for the card tenders jobs were $1.23 to $1.29 in New England and $1.05 and $1.14 in the South. Men janitors the lowest paid workers studied, averaged $1.10 to $1.14 in New England areas and from $0.95 to $1.01 among the Southern areas.

Wage levels among areas in the South were greater than in New England, although in neither region did a single area consistently rank as the highest or lowest-paid area on the basis of job averages. Among these twelve mill jobs, the New England areas had an average spread ranging from $.01 to $.18 an hour greater than the South.

There have been increases in all of the twelve jobs studied: however, the gap between the two regions in 1955 is very much the same as 1948.

A brief look at Tables 3 and 4 will show the differences between North and South fringe benefits, such as insurance, pension, and paid holidays. Table 5 and Chart 1 will show percent increase in average hourly earnings from January 1950 to July 1953.

TABLE 3

FORMAL PROVISIONS FOR PAID HOLIDAYS PERCENTAGE DISTRIBUTION OF WORKERS IN COTTON TEXTILE MILLS IN SELECTED REGIONS, MARCH 1952

<table>
<thead>
<tr>
<th>Number of Paid Holidays</th>
<th>New England</th>
<th>Middle Atlantic</th>
<th>Southeast</th>
<th>Southwest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Totals</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total workers in establishments with paid holidays</td>
<td>99.5</td>
<td>88.7</td>
<td>16.5</td>
<td>7.1</td>
</tr>
<tr>
<td>1 Day</td>
<td>--</td>
<td>--</td>
<td>11.8</td>
<td>3.0</td>
</tr>
<tr>
<td>2 Days</td>
<td>--</td>
<td>--</td>
<td>3.6</td>
<td>--</td>
</tr>
<tr>
<td>3 Days</td>
<td>--</td>
<td>--</td>
<td>.2</td>
<td>2.4</td>
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<tr>
<td>4 Days</td>
<td>--</td>
<td>--</td>
<td>.5</td>
<td>--</td>
</tr>
<tr>
<td>5 Days</td>
<td>.7</td>
<td>3.4</td>
<td>.2</td>
<td>1.7</td>
</tr>
<tr>
<td>6 Days</td>
<td>98.8</td>
<td>56.1</td>
<td>.2</td>
<td>--</td>
</tr>
<tr>
<td>7 Days</td>
<td>--</td>
<td>24.0</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>8 Days</td>
<td>--</td>
<td>3.9</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>9 Days</td>
<td>--</td>
<td>1.3</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>No paid holidays</td>
<td>.5</td>
<td>11.3</td>
<td>83.5</td>
<td>92.9</td>
</tr>
</tbody>
</table>

Source: BLS, Report No. 89

--Indicates no data or insufficient data to warrant presentation.
TABLE 4
INSURANCE AND PENSION PLANS: PERCENTAGE DISTRIBUTION OF WORKERS IN COTTON TEXTILE MILLS, IN SELECTED REGIONS, MARCH 1952

<table>
<thead>
<tr>
<th>Type of Plan</th>
<th>New England</th>
<th>Middle Atlantic</th>
<th>Southeast</th>
<th>Southwest</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Production Workers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total workers in establishments with insurance or pension plans</strong></td>
<td>99.8</td>
<td>96.3</td>
<td>83.4</td>
<td>93.6</td>
</tr>
<tr>
<td>Health insurance</td>
<td>97.7</td>
<td>95.3</td>
<td>60.9</td>
<td>35.6</td>
</tr>
<tr>
<td>Hospitalization</td>
<td>87.2</td>
<td>82.7</td>
<td>69.9</td>
<td>70.7</td>
</tr>
<tr>
<td>Life insurance</td>
<td>98.1</td>
<td>91.6</td>
<td>71.5</td>
<td>91.9</td>
</tr>
<tr>
<td>Retirement pension</td>
<td>5.6</td>
<td>3.9</td>
<td>11.6</td>
<td>--</td>
</tr>
<tr>
<td>No insurance or pension plan</td>
<td>.2</td>
<td>3.7</td>
<td>16.6</td>
<td>6.4</td>
</tr>
</tbody>
</table>

Source: ELS Report No. 89

-- Indicates no data or insufficient data to warrant presentation.
TABLE 5
PERCENT INCREASE IN AVERAGE HOURLY EARNINGS FROM JANUARY 1950 TO JULY 1953
(Exclusive of Premium Overtime Pay)

<table>
<thead>
<tr>
<th>Period From January 1950 to</th>
<th>Broad-Woven Goods (Cotton, silk, and Synthetic Fiber)</th>
<th>North</th>
<th>South</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1950</td>
<td></td>
<td>0.5</td>
<td>0.2</td>
</tr>
<tr>
<td>January 1951</td>
<td></td>
<td>9.4</td>
<td>7.7</td>
</tr>
<tr>
<td>July 1951</td>
<td></td>
<td>12.0</td>
<td>9.3</td>
</tr>
<tr>
<td>January 1952</td>
<td></td>
<td>20.3</td>
<td>8.9</td>
</tr>
<tr>
<td>July 1952</td>
<td></td>
<td>19.7</td>
<td>9.5</td>
</tr>
<tr>
<td>January 1953</td>
<td></td>
<td>15.8</td>
<td>9.8</td>
</tr>
<tr>
<td>July 1953</td>
<td></td>
<td>14.1</td>
<td>9.8</td>
</tr>
</tbody>
</table>

Source: BLS Report No. 50, p. 2

1This table, based on the Bureau's average hourly earnings series, includes as part of the "North" the Middle Atlantic Region as well as New England. For the purpose of this report, however, the discussion of wage changes is focused upon New England and the South. Except for references to the Bureau's earnings series, the analysis is related solely to developments in the New England textile area and in four Southern States which account for the bulk of the South's textile output.
AVERAGE HOURLY EARNINGS IN COTTON, SILK AND SYNTHETIC BROAD-WOVEN FABRICS

NORTHERN AND SOUTHERN REGIONS

January 1952 - August 1953

Cent Per Hour

Northern Region

Southern Region

Source: BLS Reports No. 87, 88

*Excludes Premium Pay for Overtime
Examination of this over-all movement in relation to the timing of specific wage adjustments in Northern mills is most illuminating. The ten percent wage increase placed into effect by Northern mills in the late summer or autumn of 1950 was reflected in the earnings series. By February 1951 this general wage adjustment, which approximated $.12 an hour, was apparent in the 11.9-cent increase shown in the earnings series over the period August 1950 to February 1951.

Similarly, the second general wage increase of about $.08, together with one-cent cost-of-living adjustment, was translated into a 9.5-cent increase in the hourly earnings series over the period July to November 1951.

In like fashion, the wage decreases instituted in the New England mills in the summer of 1952 appeared in the Bureau's earnings series. In this instance, however, the wage reductions were spread over several months and the full effect was also somewhat clouded by escalator adjustment providing for a $.02 increase in October 1952, a $.01 decrease in January and a $.02 decrease in April 1953. Over a longer period, however, the effect of the wage reductions was again clearly evident in the hourly earnings series. Thus, for the period July 1952 to July 1953 the net decline in the hourly earnings series for the North was 6.6 cents for the same period.

Examination of the general trend in average hourly earnings of cotton, silk, and synthetic textile mills in the South similarly reflects

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1Wage adjusted according to cost-of-living.

the known information with respect to changes in general rates of pay. As previously indicated, important wage movements in the Southern mills occurred in September 1950 and April 1951. (See Chart 1). For all Southern mills combined, average hourly earnings (exclusive of premium overtime pay) were $1.124 in January 1950 and remained at approximately that level until the late summer.

In order to point out some of the probable causes that are responsible for the North-South wage differentials, we must disprove one factor which has been generalized on too much as being the factor that is responsible for the North-South wage differentials.

In support of the southern wage differential it has frequently been alleged that southern labor is less "efficient" or less "productive" than northern labor. That allegation was, for example, repeated many times in the hearings on the Fair Labor Standard Act of 1937. According to a study made by Richard A. Lester, who stated that "of seven interregional firms in cotton textile, three said efficiency in the South was higher than in the North, three replied that labor efficiency was the same in both regions, and one answered that labor efficiency was ten percent lower in the South. Of seven engineering consultants with extensive experience concentrated in cotton textiles in both regions one said that labor output under comparable conditions was about eight percent higher in the South, four replied that such output was the same in both regions, and two answered that it was from two to ten percent lower in the South."

2Ibid., p. 75.
The contention that marked regional wage differentials are due to the difference in the physical output of labor is not supported by the findings of the this study. Actual output per man-hour was reported to be higher in the South for five interregional concerns whose Southern rates of pay, as a group, averaged fifteen percent below their northern rates, and labor output was stated to be the same in the South as in the North for eight interregional firms with an average North-South wage differential of sixteen percent. "Any relationship between North-South wage differentials and labor-productivity differentials is, therefore, very tenuous and uncertain."

Differences in labor efficiency and productivity apparently are not a fundamental factor in regional differentials in wage rates. Such wage differentials must, for the most part, be explained on other grounds.\(^1\)

A comparison was made between the North and South wage differentials in the textile industry from 1948 to 1955, which shows that the gap between the two regions has narrowed, but not a marked degree. What are some of the forces that are working between the North-South wage differentials? They are negative and positive forces. Now, on the negative side, the gap between the North-South wage differentials in the textile industry may be attributed to: (1) the lack of full union support in Southern textile plants, (2) most of the Southern textile plants are located within small cities, which do not have any heavy industry within

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\(^1\)Ibid., p. 76.

\(^2\)Ibid., p. 77.

\(^3\)Ibid., p. 78.
its area, that offers an alternative for the textile workers. Therefore, we can see that these two factors will tend to keep wage rates lower than the wage rates in the North.

The positive forces that are responsible for some degree of narrowing of the gap between the North-South wage differential from 1948 to 1955 are: (1) Minimum wage legislation, (2) Fair Labor Standard Act of 1949, (3) expansion of mills vertical and horizontal, (4) the union.

Summary

A comparison of North-South wage differentials over a seven year period shows that differences in wage levels among areas in the South were greater than in New England, although in neither region did a single area consistently rank as the highest or lowest-paid area on the basis of job average. However, in comparing the number of paid holidays the gap between the North and South is very wide. In comparing the insurance and pension plan, we find that the gap is very small. The last comparison was made of the percent increase in average hourly earnings from January 1950 to July 1953, of which a month to month movement of wage rates of both regions can be checked on Chart 1.

In the final analysis of this chapter we attempted to disprove the old generalized theory that labor-productivity was responsible for North-South wage differentials. However, we pointed out the probable causes by explaining the two forces, negative and positive that help to explain the North-South wage differentials.

2 BLS, Report No. 50, p. 8.
We must keep in mind that it is almost impossible to make a strict comparison of North-South wage differentials, as it has already been illustrated that we have wage differentials within the textile industry in the North and we have wage differentials within the textile industry in the South.

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CHAPTER V
SUMMARY AND CONCLUSIONS

In reviewing the history of the textile industry, it was pointed out that the early economic development, natural advantage in humid climate and water power, accessibility to transportation, contemporary engineering and metallurgical developments, and the inherent skill of generations of operatives, are all vital factors which contributed to both the early growth of the textile industry in the New England States, and the gap between the North-South wage rates. There are other factors or forces that are responsible for the gap between the North and South wage differential. They are: (1) the lack of full union support by the textile workers and (2) the location of most of the textile mills in the South in small cities lacking heavy industries. Therefore, the workers are left with little alternative then to accept the wage rates that are being paid to them by the textile mills in these small cities.

We have discussed the regional significance of the integration movement in the Southern textile industry and how the war and postwar years have markedly advanced the transformation of the Southern textile industry from a highly decentralized industry with small, individually owned plants into one of integrated industrial giants. The rationale behind this move is: (1) to free themselves from the commission house, (2) improve their financial status, and (3) keep their level of productive operations adjusted to variations in volume of sales.

The momentum which the integration movement gained during the thirties was not lost during the war and postwar period. This period favored the
forces of integration. Many mill organizations extended their functions forward by adopting selling, covert ing, manufacturing, and/or retailing functions. The mills acquired a strong bargaining position in an era of fabric shortages. They could choose their path of action without risk and with considerable profit. The OPA price regulations allowed the producer to claim each of the subsequent mark-ups. The expansion vertical and horizontal in the Southern textile industry are factors that help to explain the narrowing of the gap between the North and South wage rates.

The other forces that were responsible for the narrowing of the gap between the North and South wage differences from April 1948 to November 1955 are: (1) minimum wage legislation, (2) Fair Labor Standards Act of 1949, and (3) the union. However, we found that differences in wage levels among areas in the South were greater than in New England, although in neither region did a single area consistently rank as the highest or lowest paid area on the basis of job averages as it was illustrated in Tables 1 and 2.

A strict comparison between the North-South wage differential is almost impossible. There are wage differences within the South that are greater than the wage differences between the North and South. There are differences in the methods of payment, supervision and management.

The gap between the North-South wage differential will be eliminated only when (1) the wage differences within the South are eliminated, (2) the textile workers in the South give the union full support, (3) establishment of heavy industry within these small textile cities, and (4) a uniform method of payment throughout the textile industry.

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