CHAPTER VII

THE INDUSTRY

THE manufacture of wearing apparel, caught in the general debacle of capitalist society, has in recent years undergone widespread and radical changes which vitally affect those hundreds of thousands of workers who depend upon the industry for their livelihood. Once prosperous, the needle trades industry has degenerated to a point where it gives its workers long periods of unemployment, low wages, a large body of petty employers and general anarchy of management and control.

As a result of the decreased purchasing power of the masses, the product turned out by the industry has shrunk by tens of millions of dollars annually. So-called "legitimate" or "inside" factories, as well as the larger and more firmly established sub-manufacturing and jobber firms have decreased in number. Manufacturers are "sending out" more and more of their material, cut and uncut, to outside contractors' shops.

The clothing industry described in these pages is confined to the manufacture of men's, women's and children's apparel, including work clothing, and the fur industry. Closely allied fields such as knitwear, millinery and their many related manufacturing groups, which produce by quite different processes and involve special problems requiring independent treatment, are not included here.

The needle trades as a whole comprise one of the largest industries in the country. They rank third in size among the industries of the United States. In 1929, the last pre-crisis year, the manufacture of foundry and machine-shop products, employing 454,441 workers, ranked first in the number of workers employed. But the group of needle trades industries discussed in this book actually employs more workers combined than any other industry in the country. Their lower ranking in the census is due solely to the number of sections into which the trade is divided and to the fact that these are recorded and presented separately.

It is apparent, therefore, that the manufacture of clothing is one of the major industries in American economic life.

Products of the Shops

Garment making factories are those which cut up cloth and sew it into desired forms such as men's and women's suits and coats, work clothing, dresses, waists, skirts, shirts, underwear and neckwear. The list of individual items made within these fields is obviously a long one.

The men's, youths' and boys' industry, as defined in the census, includes the manufacture of outer clothing such as overcoats, suits, separate coats and trousers, smoking and similar jackets, and raincoats.

Work clothing involves the production of overalls, coveralls, unionalls, work pants, work shirts, work coats and jumpers.

The most complex of the clothing industries is the manufacture of *women's wear.* From the shops engaged in this field there flows an infinite variety of women's, girls' and children's clothing. These include suits, dresses, skirts, petticoats, kimonos, dressing sacks, house dresses, aprons, jackets, capes, underwear, shirtwaists, and a tremendous number of other products. Garments made in knitting mills are not included here.

The manufacture of *shirts* is another important branch of clothing manufacturing, which includes also shirt bosoms and boys' blouses.

The *fur industry* embraces these establishments where workers are engaged in the process of manufacturing and dyeing fur garments such as fur and fur lined coats and

overcoats and other articles manufactured partly or entirely of fur.

Other branches of the needle industry include buttonhole making, men's collars, furnishing goods, cloth hats and caps and several other lines.

The *dress* industry has long been and continues to be the largest of the needle trades with a working force of approximately 60,000 workers.

As judged by the aggregate value of products, the relative importance of the different branches of clothing manufacturing was as follows in 1933: women's clothing, $846 million; men's, youths' and boys' clothing, $445 million; work clothing, $135 million; shirts, $119 million; fur goods, $80 million; men's furnishings, $55 million; and men's hats and caps (not including felt and straw), $12 million.

Size and Number of Shops

The unit of machinery in the clothing trades is the small, cheap sewing machine. This can easily be installed in any tenement or small loft. No elaborate physical plant is required to commence business and a "shop" can be set up in a very few hours by simply moving a few sewing machines into any rented room.

Thus the number of "establishments" in the industry is relatively very high. The 1933 census records the following number: Women's clothing, 5,350; men's, youths' and boys' clothing, 2,219; fur goods, 1,463; shirts, 585; men's work clothing, 558; men's hats and caps, 299.

But these census figures do not begin to tell the story. Great numbers of the shops are so small and so isolated that census enumerators never even know of their existence. By way of example, the above figure for women's clothing is supposed to include 1,724 contract shops—in all branches of that industry. It is a recognized fact, however, that in Greater New York alone there are about 2,000 dress contracting shops.

Every year hundreds of little firms drift in and out of business. It has been estimated that in the New York women's cloak industry, for example, which turns out about 80% of the national production, about 75% of the products come from such small "establishments" and that at least a third of these go out of business every year. The same situation prevails in the dress industry where, however, another movement is also evident. Sharp competition is making for small profits per garment, and an increase in the number of workers per shop therefore becomes essential if net profits are to warrant remaining in business. While, therefore, shops are not of great size as yet, the tendency in the dress industry is for their size to increase with the smallest units being squeezed out entirely. In the men's clothing field, usually regarded as the most stable of the three, Department of Commerce figures show that in the year 1930, 20.6% of the total number of establishments in the industry discontinued business.

These fly-by-night manufacturers are often in business only at the peak of each season. Then their "shops" disappear —frequently taking with them several weeks of unpaid workers' wages. They thereby keep themselves in business without the maintenance of a central plant and with no bookkeeping system.

The New York State Governor's Advisory Commission which investigated the cloak, suit and skirt industry in New York City in 1925 found that the average number of workers employed per shop was "less than 17 for the industry as a whole." Since then this number has remained about the same. In the dress industry about half of the shops in metropolitan New York average 35 to 45 workers each, although this number is tending to grow larger as cheapness of product and the shaving of profits in order to meet competition is making mass production and quantity turnover essential to survival. In the men's clothing industry 50 workers per shop is the general average. In furs the number usually runs below ten.

There are of course some larger plants. In the New York City cloak industry several firms employ from two to three hundred workers, with about 25% of the shops employing around 40. There are a number of men's clothing plants which employ several hundred and in the year 1930, according to Department of Commerce statistics, 145, or 8% of the total number of concerns, each had annual sales of $1,000,000, or more, and 16 had over 1,000 workers in 1929. In the fields of work clothing and shirts comparatively large units are the rule, the average in these industries being about 95 workers a shop.

The nationally advertised brands of men's wear are for the most part made in Chicago and Rochester. These are the cities where large manufacturing units prevail, some of them with over a thousand employees at the height of the season.

For the branches of the industry covered in this book the average number of workers per plant reported in the 1933 census for the country as a whole was: work clothing, 99; shirt factories, 92; men's and boys' clothing, 54; women's clothing, 29; men's hats and caps, 13; fur goods, 6.

The Jobber-Contractor System

The number of shops referred to in the trade as "legitimate" or "inside" firms has decreased considerably in recent years. This has been one of the chief causes for the disintegration of the factory unit into small shops.

To an increasing extent the "jobbers," as they are called in women's wear, or the "manufacturers" as they are called in men's clothing, are ceasing to be producers of clothing at all. Instead they are designers and merchandisers who merely finance operations, sending out cut or uncut material for fabrication in "outside" shops.

At the beginning of the present century the legitimate, or inside, shop dominated the needle trades industry. But the influence of the large inside shop did not last. To-day the system of jobbing-submanufacturing dominates the trade. It has been estimated on good authority that well over two-thirds of the garments now manufactured are produced under the jobbing-submanufacturing system of production.

In the typical inside shop the garments are designed, cut, sewed, busheled and examined in a single establishment. Usually the show rooms and selling apparatus are located on the same premises, but at any rate the entire manufacturing process is conducted by a single firm. This concern is usually large in size, financially stable, and is owned by "responsible" employers or firms, who combine the functions of large manufacturers and merchants.

The "contracting" system grew up as a result of the technical and mechanical peculiarities of the trade. As the sewing machine was cheap, comparatively light, purchasable on the installment plan or rentable by the month, it could easily be installed in any cheap loft or tenement house. In addition, the processes of production are comparatively simple.

As a result, anybody who had been in the industry for a reasonable period of time might easily "go into business." To outfit a shop, hire a few workers and carry on the processes of manufacturing was a comparatively simple task. Merchandizing was another matter—for that involved expenditures for raw material, capital investments in "stock," outfitting of show-rooms, a selling organization, ability to advance credit and carry accounts.

The large manufacturers or jobber-merchants soon saw big opportunities for profit in this situation. Instead of burdening themselves with a rigid productive apparatus they encouraged the growth of the contractor system. The contractors became, in a very real sense of the word, merely employees taking work on contract at so much a garment.

As now organized, the manufacturer (men's wear) or jobber (women's) purchases the cloth which is designed and

often cut on his own premises. The fabrication of this material, however, he farms out to numerous contractor shops at a fixed price per unit. The finished product is then shipped back to its source where it is stocked, displayed and sold.

Onto the hands of the contractor there is therefore transferred the task of bringing together the productive organization, hiring a staff of workers, adjusting processes to style changes and all of the other "headaches."

By such a process the jobber or manufacturer is able to expand or contract his operations by merely increasing or decreasing the number of contractors to whom he farms out work. He does not have to adjust his plant to fluctuations of style or season and is able to carry on large scale operations without furnishing workroom accommodations at the comparatively large rentals which are paid in the garment centers. Moreover, during periods of dull business activity he is able to avoid shop overhead completely.

The contracting system of manufacture has expanded so considerably that it now embraces approximately 75% of the total production. The New York City market is the base of the system. However in other centers such as men's clothing manufacturing in Rochester, dress manufacturing and men's clothing in Chicago, and elsewhere, the workers are still employed in large inside manufacturing units.

Why Sub-Manufacturing Thrives

Lower overhead, rent and other such factors are powerful influences behind the development of the contracting system. The basic factor, however, is the desire of jobbers and manufacturers to avoid responsibility for working conditions and to save on the cost of production at the expense of workers' wages. The system is a direct outgrowth of the cut-throat, labor-scale cutting policies of the employers.

Labor conditions and wages in contractor shops are far below those prevailing in the inside shops. This inequality of labor standards is the basis of the contractors' existence.

With contracting shops springing up like mushrooms, and many of them having only sufficient capital to hire a few machines and pay their first month's rent, they are compelled, if they are to get any business at all, to accept prices that are cut to the bone. The jobber-manufacturer is in a position to shop about among them, play one against the other and say to each, "This is the price I offer you to make up my garments; take it or leave it."

And, as Max Yudelowitz, speaking for the Knee Pants Contractors Manufacturers Association complained, "There is no bottom to prices. No matter what agreement a manufacturer makes with a contractor, he is likely to come around next day asking for even lower prices." [1]

Thus, in the wild scramble for work the law of the jungle prevails. The contractors manage to survive only through limitless sweating of labor. For every penny they are forced to reduce the price of the work they do, they in turn strive to mulct the worker of two cents and force him to work longer hours. The contractor of to-day occupies the position previously held by the sweatshop proprietor.

As part of the same situation, the jobber-contractor system has as one of its reasons for existence, "running away from the union." Large inside plants are easy to locate and watch. Hence they are subject to union supervision and control.

Under the circumstances, the employers are soon tempted to send out work secretly to non-union contract shops. The latter, being smaller and more mobile, can evade union surveillance much more easily than the inside firm.

Where Clothing Is Made

Operating under the uncontrolled drive for private profit and with small capital investment, the center of gravity of the clothing trades has shown a strong tendency to shift about in the effort to gain economic advantage. And with this shift there has taken place an undermining of the security and

stability of the working force dependent upon the industry for its livelihood.

There is a continuous migration of employers (contractors as well as manufacturers and jobbers) away from the larger, organized centers, to smaller communities where the plentiful, unorganized labor supply can be uninterruptedly exploited with no union to interfere. In addition, those employers who remain in the garment centers hold the threat of moving as a club over the heads of the union and the workers when dickering with them for more advantageous terms.

The example of Boston illustrates clearly the results of the continuous trend away from the larger centers. At one period Boston came near to being the leading manufacturer of men's clothing in the country. By 1929, however, its shops produced only 2.7% of the total value of men's clothing.

Even New York City, the leading center in the manufacture of both men's and women's wear, is slowly losing ground. In 1923, it turned out 40.7% in value of the men's clothing made in the United States, and employed 23.8% of the workers. But by 1929 the comparative figures had fallen to 35.4% and 19%.

In women's wear there was a similar decline during the same years. In 1923, 54.4% of all the workers in the industry were employed in New York City, and they manufactured a product valued at 78.9% of the nation's total. By 1929, these percentages had fallen to 51.2% and 75.3%. Since 1929 this decline has been accelerated.

At the same time, towns and states in the New York area have become honeycombed with "run aways," most of them contractors producing for city firms and undermining their long-established standards.

Within the past few years, the needle trades have been attracted also to towns such as Fall River, New Bedford and Lawrence. Here there is not only plentiful space at low rentals in abandoned textile mills, but there are thousands of former cotton and woolen mill workers, grown desperate since the departure of their former employers and compelled, in the absence of union protection, to take work at any wages offered.

In the mid-west, where the same process is at work, Chicago is witnessing a large-scale exodus of its shops to Aurora, Kenosha, Elgin and smaller localities.

The South is fast on the way to becoming an important center of the needle trades because of the advantages it offers to employers in the way of "cheap, docile and plentiful" labor. Cotton garment and work-clothing production are well established there and men's and women's clothing firms are investigating sites, which are being offered to New York and other producers on a liberal basis.

While manufacturers and contractors are anxious to find new centers for their plants, the new centers themselves are more than anxious to have the manufacturers. Chambers of Commerce, power companies and town councils fairly deluge them with all manner of attractive offers.

"The Reliance Mfg. Co. will receive a $70,000 bonus from this city for location of a garment manufacturing plant to employ 1,000 women and girls," begins a *Wall Street Journal* dispatch from Columbia, Miss. Obtaining funds for plants by popular subscription, granting space free of rental for a period of years, freedom from municipal taxes, free water, etc., are among the many devices used to attract the clothing industry. It is not unusual for a company to ask workers to contribute from their own funds for the erection of a building, as occurred in Nanty Glo, Pa., where business men put the coal miners of the community under pressure to contribute to a $26,000 fund launched to build a plant for the non-union Phillips-Jones Corp., New York manufacturers of shirts, collars and underwear. The project was described as "a great thing for the town," the firm having promised to give work to miners' wives and daughters for 90 cents a day. The Pennsylvania Power & Light Co. maintains a large

DISTRIBUTION OF INDUSTRY BY STATES, 1931

	Women's Clothing		*Men's Clothing*		*Shirts*		*Work Clothing*		*Fur Clothing*		*Cloth Hats and Caps*	
	Workers	Shops	Workers	Shops	Workers	Shops	Workers	Shops	Workers	Shops	Workers	Shops
United States..	173,890	7,046	121,964	2,945	57,755	781	33,088	468	12,358	2,354	3,459	379
New York....	90,589	4,909	34,805	1,404	10,426	255			8,738	1,695	1,063	149
Pennsylvania .	14,332	342	16,274	317	18,919	192	1,458	46	319	101	309	29
Illinois	12,367	309	15,203	204					671	186	426	31
New Jersey....	9,917	238	7,559	145	4,068	41					244	11
Massachusetts .	7,727	310	5,345	146	1,389	11			178	27	116	24
Missouri	6,088	115	3,760	65	2,713	19	3,004	25	257	24	356	25
Ohio	4,995	111	11,536	102	1,895	20	1,349	15			218	18
Maryland	2,946	61	9,642	257	2,604	42						
Texas	2,168	40					2,609	33			64	5
Indiana	1,653	18	2,329	18	3,250	14	2,562	27				
Virginia			1,792	11			1,855	16				
Connecticut ...					2,891	23						
Tennessee					1,172	14	1,107	12				
Georgia							3,408	20				
North Carolina							1,989	10				
California							1,631	27	244	60	148	23
Minnesota									464	46	89	9
Michigan									301	30		
Wisconsin									232	33		
Iowa									164	18		

staffed industrial department whose only duty is to scour industrial centers and point out to manufacturers the "advantages" of locating in the Lehigh Valley, a section already honeycombed with shirt, pajama and men's clothing sweatshops.

While the tendency has been to shift plant and personnel in the garment industry to smaller towns in order to decrease payrolls, certain large centers, where wages in the industry are below the average in the country at large, have grown. Thus, between 1923 and 1929, St. Louis, Cleveland and Baltimore increased their number of workers in the men's clothing industry by 18.8%, 21.8% and 19.3% respectively. This is in contrast to the decline during the same period in the number of workers in such centers as New York (24.3%), Chicago (38.3%), Rochester (31.1%) and Boston (18.2%), where rates above the average for the entire country were maintained. A similar trend may be noted in other branches of the needle trades.

The 1931 Census of Manufactures, the latest in which such data is at present available, found the major branches of the industry distributed as reported in the table on page 159.

This table reveals that most sections of garment manufacturing are concentrated within given states—although there is the already noted tendency toward constant shifts and decentralization. The production of high quality clothes tends to remain in the established centers while the cheaper, relatively simple and standardized items lead in the movement away from the main markets.

In 1929 the majority of the *men's clothing* workers (65.6%) worked in ten principal cities, as follows: New York, 19%; Chicago, 11.8%; Philadelphia, 7.2%; Rochester, 7.1%; Baltimore, 6.3%; Cincinnati, 3.9%; Cleveland, 3.8%; Boston, 2.6%; St. Louis, 2.6%; Milwaukee, 1.3%.

New York City manufactures a cheap and medium quality product in relatively small shops as compared with the better

quality clothing made in larger factories in such cities as Rochester and Chicago.

In the *women's garment* industry the preëminence of New York City is even more marked. In 1929, 51.2% of all of the workers in the country were employed in this single market, whereas in the next largest center, Chicago, there were only 6.2%; Philadelphia, 4.5%; Los Angeles, 2.9%; Boston, 2.5%; St. Louis, 2.6%; Cleveland, 2%; and Baltimore, 1.9%.

In the *dress branch* of the women's garment industry more than two-thirds of the plants are located in New York City and vicinity and these do over three-fourths of the total business of the country. The remainder of the industry is scattered across the country as far west as Los Angeles.

The same applies in the *cloak and suit industry* where New York produces about 80% of the annual output. The bulk of the rest is produced in Ohio, Illinois and Pennsylvania.

The *fur* as well as the *cloth hat and cap* branches are also centered in New York.

Although some 25% of the workers in the *shirt industry* are working in Metropolitan New York, this industry, unlike most other sections of the needle trades, is not concentrated in a few major markets. The entire country is dotted with shirt factories, with New York producers continually moving to other states where labor is more intensively exploited and union vigilance more easy to evade. The manufacture of *work clothing* is also a widely scattered industry with a rapid trek noticeable toward the South.

Tendencies in the Industry

With a shrinking market, due to the prolonged economic crisis, and thousands of small producers bidding for this decreased business, bitter competition has followed. "I was speaking to my banker last week," writes a pants manufacturer to the *Buffalo Times,* "and asked him some advice and he say [sic] to stop making so many pants but since I got the machines I don't feel like stopping them." The consequence has been a frantic rush to reduce production costs, undercut prices and "chisel in" on competitors' customers. The classic procedure of capitalism under such circumstances is to take it out on labor.

As part of the same process, manufacturers have gone chasing after the reduced number of "purchasers' dollars" by switching production from high quality garments to medium and low-priced merchandise. "The increase in the production of one-piece dresses made to retail for less than one dollar is noteworthy," declares the preliminary report of the 1931 Census of Manufactures. The production of this type of garment rose "from 22,865,972 valued at $14,238,961 in 1929 to 33,922,875 valued at $18,489,934 in 1931. There was also a striking increase in the output of one-piece dresses made to sell for three dollars or more but less than five dollars." On the other hand, the production of one-piece dresses retailing at ten dollars or more fell off by over 33% in the same two-year period.

As verification of these census data, one Arkansas producer reports that: "The $1 dresses are the outstanding garments on the market and the consumers are receiving the greatest value for the money ever."[2] The 39-cent wash dress has made decided inroads in the retail field. A cloak manufacturer of high quality products similarly testified from experience that, "There has been a curtailment of demand for quality merchandise as the public's buying power declined. . . . There aren't many producers left in the quality field."[3]

A similar situation prevails in the men's wear field. A *Daily News Record* special writer declares that once the average merchant announced, "That he could offer some very nice outfits at $25 to $40. . . . To-day the clothier, likely as not, shouts at the top of his voice that he has rounded up a raft of $15 suits." And the same organ points out that both Rochester and Chicago "have been hard hit because

they were not organized to meet the demand for cheap clothing." Another article signed "A Southern Pants Manufacturer" cites, "The result of a survey of catalog, chain and independent retail sales. The pants being purchased are the cheapest obtainable . . . 98 cents, $1.29, $1.49, $1.98 is about the top. The farmer and workman apparently only has a dollar and that's all he can spend. We are right up against this solid fact."

The Tailor, organ of a portion of the organized custom tailors of America, frankly admitted[4] that its members' "monthly income is only approximately one-quarter of some of the monthly incomes of recent years." It sees quite clearly the undermining of the once prosperous custom tailoring business as a consequence of "the great annihilation of the well-to-do middle class" which is no longer "able to buy tailor-made clothing."

The Needle Trades and War

The manufacture of clothing is an important war industry. It had its origin on a large scale in this country during the Civil War. The manufacture of military uniforms, army and navy work clothing, service caps, raincoats, and other articles of clothing, are indispensable items in military organization. For the fiscal year 1934, over $5,000,000 were appropriated for the use of the U. S. army alone in purchasing these items.

"The first consideration of the government," points out the *Daily News Record,*[5] "is to provide for the national defense and to this end the War Department has no intention of relinquishing its present government facilities for making army clothing, but on the contrary can be expected to enlarge these facilities. . . . The War Department's keeping its division of textile supplies backed up by abundant factory facilities, both private and government owned, is the dominant feature of Government policy."

The trade papers of the clothing industries abound with such headings as, "Army Opens Bids on 750,000 Shirts," "Army Asks Bids for Making Uniforms," "Army Asks Bids on Raincoats." During recent months, due to the increased tempo of war preparations, such items have appeared almost daily in the trade press.

The largest part of this business is awarded to private concerns. Aside from manufacturers who make both civilian and military apparel, there has grown up what the *Daily News Record* [6] describes as "The 25 Million Dollar Uniform Manufacturers' Industry" which can, of course, be quickly converted to military ends. Most of this business is centered in New York and Philadelphia, but there are also some manufacturers in Boston, Baltimore, Chicago and the West.

Although these concerns have issued an incessant barrage of organized propaganda to "Get the Government out of competition with private business," the War Department has steadfastly adhered to a policy of maintaining its own plants. These have done approximately 10% of the work. The main plant is located at Philadelphia and there are smaller ones at Brooklyn, N. Y., and Jeffersonville, Indiana. The purpose of maintaining these establishments was frankly stated by former Secretary of War Hurley, to be, "in order to establish a standard and to keep in training workers skilled in uniform production who might be used as instructors in private factories in the event of war."

Concentration of Control

While, as we have seen, garment manufacturing has not become one of the trustified industries, finance capital is gaining greater and greater control over its operations. This comes about as a result of the dependence of the manufacturers upon the banks for working capital and on the other hand through a more inclusive dictation by department and chain stores upon the producers' activities. Thus control over the industry is shifting from the manufacturers who previously held sway to these powerful "outside" forces.

Virtually every garment producer of any consequence operates in large part with money borrowed from the banks. These institutions in turn watch the operations of the industry minutely and the "credit lines" which they determine in great measure dictate the productive activity of the shops. They may order a curtailment of activity in the interests of the loans which they have advanced; they may order the "yearly cleanup," *i.e.,* complete liquidation of the financial obligations of the year and the liquification of balance sheet figures through a forced sale of surplus stock, if necessary at a loss. Or, if deemed to their advantage, they may renew loans to carry piece goods or other inventory in anticipation of a rising market. They may order that "stiff labor costs" be lightened or otherwise dictate any of the plants' policies. Through the necessity of showing "good financial statements" in order to operate, the manufacturers have become subject to the dictation of the bankers.

Another form of "absentee employer" control is being exercised by the larger and influential buyers—department stores, chains and mail order concerns. Thus, R. H. Macy & Co. advertised on August 9, 1932, that:

> We took our cloth to a house. . . . We specified that every coat must be hand finished. . . . We even specified the quality of the silk lining and the buttons and the thread. Then we took out our pencils and figured—and whittled.

This was a public statement for the first time in garment industry history of a growing practice. The huge retailing combines (J. C. Penney Co., Inc., for example, annually buys about 30 million dollars' worth of women's clothing for its stores) are revolutionizing the old producer-distributor relationship. Instead of the old sample-carrying salesmen appearing before them on a competitive basis, we find the gigantic distributors literally contracting—not purchasing. In many cases they provide the material; they specify the character of the workmanship. By stipulating how much they will pay for the processing of the garment they practically dictate wages, shop standards and conditions.