Codes of Fair Competition: The National Recovery Act, 1933-1935, and the Women’s Dress Manufacturing Industry

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Abstract
Controversial issues prevalent in today's ready-to-wear apparel industry include the right of workers to join unions, the proliferation of sweatshops and sweatshop conditions, and design piracy. The idea of forming codes of conduct to establish criteria of ethical business practices is not new to the apparel industry. Indeed, the women's dress manufacturing industry discussed and debated codes of fair competition under the New Deal Policies of the National Recovery Act (NRA) of 1933 to 1935. Primary sources for this study included governmental hearings in the establishment of the NRA Dress Code, The New York Times, Women's Wear Daily, and the Journal of the Patent Office Society. The history of the NRA codes implemented in the U.S. women's ready-to-wear apparel industry provides an important case study highlighting the difficulties and complexities of creating and achieving industry-wide standard practices through self-regulation. The failure of the NRA demonstrates that even with the joint cooperation of industry, labor, and consumer groups and the backing of the force of law, codes of fair competition proved impossible to enforce.

Keywords
apparel industry, historic clothing, codes of conduct

Disciplines
American Material Culture | Fashion Business | Fashion Design

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Codes of Fair Competition: The National Recovery Act, 1933-1935, and the Women’s Dress Manufacturing Industry

Sara B. Marcketti

Controversial issues prevalent in today’s ready-to-wear apparel industry include the right of workers to join unions, the proliferation of sweatshops and sweatshop conditions, and design piracy (Ballinger, 2009; Tan, 2007; “Unions Seek Wal-Mart,” 2008). To establish ethical practices in the apparel industry, codes of conduct have been created by the U.S. Department of Labor, the Fair Labor Association, and the Worldwide Responsible Apparel Production (Kunz & Garner, 2007). While these codes, which span both domestic and international borders, have improved the awareness of social responsibility, or the “practices for conducting business in which [firms] make decisions based on how their actions affect others within the marketplace” (Littrell & Dickson, 1999, p. 6), unethical business activities continue into the 21st century.

The idea of forming codes of conduct to establish criteria of ethical practices is not new to the apparel industry. Indeed, the women’s dress manufacturing industry discussed and debated codes of fair practices and competition under the New Deal Policies of the National Recovery Act (NRA) of 1933 to 1935. An understanding of the controversial issues debated during this time and the ultimate failure of the NRA reveals the complexities of the ready-to-wear apparel industry and the often conflicting aims of industry interests in creating standard practices. The purpose of this study was to investigate the apparel industry’s code making process and results during the NRA. Because little research on this topic has been published in the textiles and

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Clothing and Textiles Research Journal
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clothing literature, this study provides an important historical case study for better understanding
the more recent industry-wide codes of fair competition.

To study this topic, the researcher accessed the governmental hearings on the codes
discussed by apparel industry executives during the NRA. The New York Times, Women’s Wear
Daily and the Journal of the Patent Office Society (which discussed the establishment of the
codes) were systematically searched for reference to the codes and the women’s apparel industry.
The databases JSTOR and America History and Life facilitated the researcher’s search for
relevant secondary information. Financial support was received from The Pasold Research Fund.

The National Recovery Act and Industrial Codes of Conduct

The National Industrial Recovery Act (NIRA) was passed by Congress and approved by
President Franklin D. Roosevelt on June 16, 1933. It was the centerpiece of Roosevelt’s first 100
days in office and was a deliberate attempt to restore industrial prosperity by positive
governmental intervention. Title I of the NIRA, known as the National Recovery Act (NRA),
suspended antitrust laws and called for industries to create codes of industrial production in order
to guard against the dangers of competition. Title II of the NIRA called for the creation of a
Federal Emergency Agency for Public Works that would benefit Americans through direct
government expenditure on public works projects (“National Recovery,” 1935; Romasco, 1983).

The purposes of Title I of the NIRA were plural and related to the immediate national
emergency of the Great Depression: reemployment and industrial recovery (Clark, Davis,
Harrison & Mead, 1937; Taylor, 2008). The Act was touted as “a new deal for demoralized
industry on a new philosophy of governmental cooperation” (Cates, 1934, p. 130). According to
the Brookings Institute study, which investigated the procedures of the NRA, Washington
became “the industrial as well as the political capital of the nation” (Dearing, Homan, Lorwin, &
Lyon, 1934, p. xi). The very heart of the program, as stated by NRA administrator General Hugh Johnson, was “the concerted action in industry under government supervision looking to a balanced economy as opposed to the murderous doctrine of savage and wolfish individualism, looking to dog-eat-dog and devil take the hindmost” (Brand, 1988, p. 99-100).

The NRA called on industries to form trade associations and negotiate and submit for government approval so-called “codes of fair practices and competition” (Galambos, 1966).

Forty-three industrial groups including, but not limited to, automobile manufacturing, the lumber industry, the motion picture industry, the wholesale automotive trade, and the dress manufacturing industry participated in forming codes of conduct under the auspices of the NRA (“Codes to be Heard,” 1933; Fenning, 1934). Industries as specialized as “pickle packers and powder makers” and manufacturers of everything “from anti-hog cholera serum to wood cased lead pencils” discussed and applied for the approval of their codes (Wilson, 1962, p. 96).

Industry members were instructed to work together to form consensus regarding controversial practices in the best interests of industry, labor, and consumers. The codes were expected to restrict harmful competition, raise wages and reduce hours, encourage the united action of labor and management, and eliminate “piratical methods and practices which harassed honest business and contributed to the ills of labor” (Dearing et al., 1934, p.1; Hapke, 2004).

Objectives for the codes related to the goals suggested by the International Ladies’ Garment Workers’ Union (ILGWU) to help stabilize the industry (Tyler, 1995). The voluntary codes were discussed openly by spokespeople in each industry and, once approved, would be administered by the individual industries with minimal governmental control (Hearing on the Code of Fair Practices and Competition, 1933). According to General Hugh Johnson, “[The] whole thing

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2 Other textiles related groups that considered codes included corset and brassieres, men’s wear, millinery, and retailers, among others. A single code for all of the apparel industry was proposed, but rejected. The cotton textile code was the first code approved by President Roosevelt on 9 July 1933.
simmered down to keeping the purchasing power of workers in step with the price and quantity of the things they make. Wages, prices, and production, these are the three causes of good or bad times” (“Johnson says Recovery,” 1933, p.1).

Government representatives stated that the initiative in preparing codes of fair conduct would be undertaken by the trade associations of each industry. It was mandated that these organizations would not create codes designed to promote monopolies or to eliminate or “oppress” small enterprises, but the creation of the codes themselves were left to the discretion of the industrial groups (“Dress Code Called,” 1933). Enforcement of the rules was assigned to each individual industry’s code authorities, supported by the Federal Trade Commission and the federal courts. Violations of provisions of the codes were to be treated as “unfair methods of competition” and violators faced misdemeanor charges and a $500 penalty for each offense each day the violation occurred (Fenning, 1934; “Five hundred in City,” 1933). President Roosevelt was granted an open ended authority to abolish the codes at any time (Connery, 1938).

Beyond the elaborate code-making procedures within each industry, the NRA authorized the president to formulate a Re-Employment Agreement or “blanket code” with individual businesses. This simplified procedure avoided the time-consuming process of negotiation required for the codes for an entire industry. Individual employers pledged to abide by certain specified conditions, namely maximum hour and minimum wage provisions (a minimum wage of $12 to $13 a week for forty hours of work), a guarantee of the workers’ rights to organize and to join unions of their own choice, and the elimination of child labor (“Reemployment Drive,” 1933; “Roosevelt gets Cloak.” 1933). Further, the president implored the nation’s managers to raise wages without increasing prices, “even at the expense of full initial profits” (Jacobs, 1999, p. 35). Employees who signed the blanket agreement were entitled to display the Blue Eagle
insignia of the NRA with the words, “Member N.R.A., We Do Our Part” (Figure 1). Consumers were urged by the government and by industry to patronize retailers that displayed the government-issued label, symbolizing goods produced in humane working conditions (McKellar, 2002; “Miss Perkins Sews,” 1934).

Theoretical underpinnings of the NRA were that increased employment and hourly wages would expand the purchasing power of wage earners. Larger payrolls in turn would circulate through the entire economic system, benefiting retailers, wholesalers, manufacturers, and producers, inducing each to take on more workers. Secondly, the positive economic effects of restricting unfair trade practices would lessen risk and encourage expanded business operations. Business reform would encourage national economic recovery (Dearing et al., 1934).

In reality, many industries raised prices in anticipation of the increased operating costs of conducting business under the NRA (Johnson, 1935). The Brookings Institute found that the positive incentives for business cooperation were relief from anti-trust laws, authoritative enforcement of price control measures, and release from competitive practices. In essence, the central motivating force for businesses’ willingness to cooperate with the codes was the hope of raising prices by collective action among competitors through control of the market (Lyon, Howman, Lorwin, Terborgh, Dearing, & Marshall, 1935).

**Administration of a Code**

The first steps in the negotiation of a code were under-taken at pre-hearing conferences between a committee and the deputy NRA administrator recruited from the industries which were to be regulated. These pre-hearing conferences provided the first opportunity of the negotiators to flesh out the different conflicts of interest. The pre-hearing conferences were
informal and not recorded. The public hearings were formally conducted, usually by the Deputy Administrator and were publicized through the press, trade and industrial journals, and the posting of bulletins in post offices throughout the country. Nearly all of the hearings were held in Washington and complete stenographic records were available to the public (Clark et al., 1937).

During the first six months of the NRA, negotiated and approved codes of fair competition encompassed the major portions of American industry and trade. By the end of three years, 578 code authorities were developed, 567 codes were approved and 201 supplementary codes covering some 22 million workers in 3 million businesses were established (“Questions and Answers,” 1935). In addition there were 2.3 million blanket codes involving another 16 million workers. From beginning to end, the code making process and the resulting code authorities which were to administer and enforce the codes were dominated by trade associations, aided by the government’s deputy administrators.

Code making was not a simple process, and most of the conflicts which punctuated the method occurred among competing businesses within the same industries. These disputes were resolved through a bargaining procedure that put a premium on competitor size and strength.

Other problems resulting from institution of the codes were the nearly 5000 petitions for exemptions which companies requested from the NRA and challenges with interpretation of the code provisions. Further, violations of the codes granted some firms advantages over rivals who continued to bear the financial burdens associated with adherence to the provisions. Efforts to enforce the codes were inherently self-defeating as these altered the program from one of voluntary cooperation to one of forced adherence (Clark et al., 1937).

The Dress Manufacturing Industry during the Great Depression
The Great Depression had tremendous impact upon consumption practices and the operations of the dress manufacturing industry. Although as much as 25% of the American workforce was unemployed during periods of the Depression, people continued to consume goods (Farrell-Beck & Parsons, 2007). Shopping habits changed as women of all income levels needed to maximize their clothing purchases. They achieved this through comparative shopping, evaluating similar clothing styles sold by different stores and purchasing based on price in order to get the most for their money (Barber & Lobel, 1952).

The increased specialization of garments available from the lowest dollar amounts to several thousand dollars meant women could shop in departments that fit their economic means and social status (Leach, 1993). Generally speaking, consumers chose to buy less-expensive clothing rather than cease buying altogether. As stated by Richards (1951), “Women accustomed to paying $16.95 for their dresses shopped around for one at $10.95, while the $10.95 customer settled for a $6.95 number” (p. 25). While the number of dresses produced by the manufacturing industry remained the same, the cost and quality of these dresses decreased significantly (Kolchin, 1933). According to published records of the U.S. Census of Manufacturers, the average wholesale value per dress decreased from $5.39 in 1927 to $5.11 in 1929 to $3.74 in 1931 to $2.60 in 1933 to $2.95 in 1935 and to $2.62 in 1937 (Drake & Glaser, 1942).

The 50% reduction in ten years from dresses wholesaling at $5.39 to $2.62 caused a fundamental shift in the competitive relationship of the industry. The demand for inexpensive dresses was strong, stimulating manufacturers to produce increasingly lower-cost creations. According to a report of the ILGWU, this had a demoralizing influence upon the entirety of the garment business, “The crisis...has practically revolutionized the main lines of dress merchandise
to meet a growing demand for cheaper garments…The production slogan in the New York dress
industry has now become not quality but cheapness” (“Dress Trade’s Growth,” 1932).

One of the ways in which manufacturers achieved lower prices was through the
contracting system. This method of production proliferated during the 1930s due to the
efficiencies of smaller economies of scale. Contractors were more able than large companies to
respond quickly to fashion and price changes. As opposed to inside shops in which dresses were
manufactured from fabric to sewn-garments in one factory location, contractors or sub-
manufacturers created clothing out of materials consigned to them by the manufacturer. The
manufacturers often supplied designs, piece goods, materials, and credit. The contractors rented
factory space and machinery, found and hired a labor force, and directed the production process.
The garments were then distributed by jobbers to the retailers (Meiklejohn, 1938). Because
fluctuations in fashion were so great and occurred so quickly, many manufacturers and retailers
were reluctant to assume the risk of purchasing materials and stock long in advance of actual
production or the start of a season. Due to this, on average, the manufacturing workshops, as
distinct from the designing rooms, were busy only 30 to 32 full weeks of the year (Larson, 1963).

To achieve the lowest costs possible and receive agreements for work, contractors bid
minimal amounts, competing solely on the basis of labor costs. Manufacturers paid contractors
by the piece. Contractors deducted dollar amounts for employees’ use of sewing machines,
needles, and threads from workers’ pay. In the period 1929 to 1933, the average per capita
weekly earnings in all of the manufacturing industry ranged from $17 to $27 (Wolman, 1935). In
the apparel industry, many unskilled employees worked 60 to 70 hours a week for $1 to $3
(Richards, 1951). In addition to long hours and low wages, workers often contended with unsafe
and unsanitary conditions (Richards, 1951). David Dabinsky, labor leader and ILGWU
President, stated the contracting system was “a chain of exploitation” in which contractors “hack[ed] away at the wages and conditions of the workers” (Dubinsky & Raskin, 1977, p. 123). Dubinsky described the shift from inside shops to outside shops “from just being miserable to being in hell” (Dubinsky & Raskin, 1977, p. 122). Labor supporters maintained the system was “sick” and “parasitic” and that “employees paid the bill for the chaos of the industry” (Hearing on the Code, 1933, p. 83).

Due to the nature of the apparel industry, manufacturers often used multiple sub-manufacturers to create one style of dress. Some of the larger manufacturers required the services of 25 to 30 contractors to maintain production levels (Richards, 1951). Manufacturers often used multiple contractors to eliminate the possibility of total, sudden work stoppages. Strikes within the industry were commonplace even during the Depression (“Seventy Strikers,” 1933; “Sixty Thousand Quit,” 1933; “Garment Workers,” 1933; “General Johnson Ends,” 1934).

Explaining the necessity of the strikes, Grover Whalen, chairman of the New York City NRA and “honorary member” of the apparel profession, stated, “…the periods of recovery from depressions have always brought with them struggles between capital and labor, with labor seeking by strikes to regain ground in wages, hours, and working conditions lost during the period of depression” (“Whalen Reports,” 1933, p. 26). Strikes were used during the 1930s by labor supporters to “uplift the unbelievably low sweatshop standards” in the industry (“Strikes are Voted,” 1933, p. 8). According to Dubinsky, the strikes helped in “civilizing our industry” and ensured greater respect for labor (Barbash, 1968, p.102; Parmet, 2005).

In the 1930s, the dress industry was highly concentrated in and around New York City, with about 73% of the dress manufacturing establishments in New York employing over 50% of workers and producing 76% of the total value of goods produced (Drake & Glaser, 1942). The
predominance of New York as a leading style center was largely due to the adequate supply of skilled and unskilled labor, transportation facilities, and the proximity to fabric markets.

According to some reports, contractors produced 80 to 85% of all dresses manufactured in the New York area (“Howard,” 1933; Trowbridge, 1936).

Partly due to the contracting system, coupled with the cutthroat nature and seasonality of the business, the apparel industry was besieged with bankruptcies. Studies undertaken by the New York Dress Joint Board of the Dress and Waist Makers Union revealed that 83% of businesses formed in 1925 were discontinued by 1933. Further, while customarily about 20% of apparel firms went out of business annually, this percentage doubled in 1932 (Richards, 1951; Tepere, 1937). Workers themselves had little security, as employer bankruptcies disrupted employment (Dubinsky & Raskin, 1977). In describing the dress industry in 1933, C. Robbins, a dress manufacturer stated, “The dress industry is troubled by an utter absence of security or ease of mind. Every man in it has had a justifiable fear….as to what dire developments the next month or week or day might bring forth” (“Plan Organization,” 1933, p. 35).

Formulation of the Dress Manufacturing Industry Code of Conduct

It was within these conditions that the women’s dress manufacturing industry discussed and debated codes of fair practice and competition, negotiating specific terms acceptable to the diverse business groups. The initial code hearings focused on the overall structure of the industry, namely the relationship between manufacturers and contractors. Specific problems such as design piracy were discussed at the hearings, but industry members failed to reach consensus to include these provisions into the code submitted to the president (Hearing on the Code, 1933).

As defined in the NRA dress manufacturing code, the dress industry included the sale of women’s, misses’, and junior’s dresses and dressmaker ensembles, with the exclusion of cotton
The concentration of the major branches of the apparel industry in the New York metropolitan area gave this region preponderant majority on the code.

Negotiations on the provisions to be contained in the dress code were commenced immediately following the passage of the NIRA. The first public hearing was held August 23, 1933 with subsequent amendment hearings in March, October, November and December 1934 and February 1935 (Trowbridge, 1936).

Earl Dean Howard, Professor of Economics at Northwestern University was selected by NRA Administrator General Johnson to bring together the diverse groups of the wearing apparel industry to discuss the codes under the NRA (“Johnson Aide Asks,” 1933). In an address to the Association of Dress Manufacturers, Professor Howard stressed the necessity of creating straightforward codes “to quickly beat this depression” (“To Seek Clothing,” 1933, p. 37).

Members of the steering committee to frame the code for the women’s wear group included Howard, General Johnson, David Dubinsky - the Labor Advisory Board representative, a representative of the Industrial Advisory Board, and representatives from the Consumer Advisory Board and Legal Division of the NRA (Hearing on the Code, 1933). Presenters at the hearings included presidents, chairmen, and representatives from small, medium, and large firms from around the nation, most notably, representatives from the National Dress Manufacturers’ Association (NDMA), Industrial Council of Cloak, Suit, and Skirt Manufacturers, and Fashion Originators’ Guild of America (FOGA) (Call, 1933; “Garment Leaders Draft,” 1933).

Because the codes were to be instituted by trade groups of each industry, the NDMA was created to form a single, representative organization “to foster the stability of the industry and to

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3 Cotton house dress manufacturers successfully fought to have their own code. This was largely because of the cotton house dress manufacturers’ reliance on less fashion-forward garments (“Fight Dress Code,” 1935).

4 The apparel industry was unique in having members of both labor and consumer groups-less than 10% of code authorities included labor members and less than 2% incorporated consumer representatives (Hawley, 1966).
give to this trade an authoritative voice in the formulation and operation of economic
reconstruction” (“For Organization,” 1933, p. 26). The group was comprised of 650
manufacturers and wholesalers, responsible for more than 80 percent of the dress output of the
New York market (“The National,” 1935). The NDMA emerged as the chief proponent of the
trade practice provisions (Call, 1933). Despite the large number of companies represented by the
national group, members of the Popular Price Dress Manufacturers Association argued that they,
the lower-end manufacturers, were not adequately represented (“Popular Price,” 1935).
Some within the apparel industry stressed the importance of the codes, stating that the
partnership with government “would act as ladders on which crippled business could climb out
of the bag which it is holding” (“Says NRA Realized,” 1934, p. 8). Sylvan Gotshal, counsel to
the NDMA, stated the NRA was a revolution and “a power of peace, which is going to mean
prosperity for this industry for many years to come” (Hearing on the Code, 1933, p. 20). Percy
Straus, President of R. H. Macy & Co., Inc stressed the momentous importance of the NRA in an
address to the National Retail Dry Goods Association (NRDGA).

[On the] uncharted sea in which we are now sailing, we must steer between the rocks of
inflation, the shoals of higher prices, and the breakers of unsettled foreign exchange. All
must quickly realize the implications of the NRA and its possibilities for overcoming
most of the difficulties that stand in the way of the return of prosperity…There is urgent
need for whole-hearted cooperation by large and small businesses if industrial recovery is
to be achieved. We are at war against depression. There is no place for slacker industry
(“Text of Percy,” 1933, p. 8).

In discussing the necessity of the New Deal policies’ attempts to “make capitalism work in terms
of industrial democracy,” Dubinsky stated, “nobody but a lunatic could believe in a system-or
rather a lack of system—that produces violent business cycles, mass unemployment and misery for millions of people” (Stolberg, 1944, p. 198).

Results of the Code Making Process

The agreed-upon code, variously called a “treaty of peace” and a “document of fair play,” was based on a previous agreement between the NDMA, the ILGWU, and the Joint Board of Dress and Waist Makers Unions of Greater New York (“Dress Code Put Forward,” 1933). It was to provide an opportunity to “control” and eliminate “some of the most destructive aspects of competition” in the apparel industry (Dubinsky & Raskin, 1977, p. 125). By putting into place rules and restrictions, enforceable by the federal government, the playing field would be leveled for manufacturers. It was argued that with trade practices standardized, competition could be predicated upon knowledge, skill, and experiences, rather than cheapness of production (Lasher, 1933). This standardization would reinvigorate employment and strengthen the impaired purchasing power of the public (Barbash, 1968).

While agreements between employers and union organizations were formulated before the NRA, the dress industry code became the force of law when it was authorized and made effective by President Roosevelt on November 13, 1933 (Dubinsky, 1933). In an industry with a myriad of differences, ambitions, and personalities, the code was a compromise resulting in one basic and generic law (Lasher, 1933).

The code provided provisions for the length of the work week and wage scale for employees, the registration of contractors by manufacturers, and other labor and trade practices. It divided the major production centers into the five boroughs of New York City; the Eastern
Metropolitan area encompassing Philadelphia, Boston, and Baltimore; the Eastern area including the New England States, New York State, Pennsylvania, New Jersey, Delaware, and Maryland; and the Western area including all regions not previously mentioned. The regions maintained specified wage scales; all outside of the New York City area were paid not less than 85 to 90% of the minimum wages established in the City. Employees were to receive the minimum compensation regardless of time or piece rate ("Text of Code," 1933). Those employees manufacturing garments could not work more than 35 hours in any five-day work week. Other employees, including salesman and designers, could not work more than 40-hour weeks; an exception of six weeks in any one season was granted, provided that the employer paid an overtime rate of one and a half times the normal wage ("Text of Code," 1933).

Manufacturers were ordered to pay contractors such a rate so that they could pay their employees the wages and earnings provided in the code’s wage scale and cover their own overhead expenses. Contractors were no longer able to undersell fellow sub-manufacturers by lowering labor costs. Manufacturers were also to designate and register with the NRA the number of contractors that they would use to meet their business requirements ("Text of Code," 1933). This was to avoid the cut-throat competition stimulated by manufacturers forcing contractors into bidding wars at the expense of labor (Zahn, 1933).

The code provided for other labor and trade standards. No person under the age of 16 could be employed in the dress manufacturing industry. Employees had the right to organize and bargain collectively, free from the interference or coercion of their employers. No work was to be carried out in tenement homes, basements, or unsanitary or unsafe buildings. Trade practices included provisions for the returning of merchandise and selling practices. Manufacturers were

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5 The minimum wage scale for a full week’s work: cutters $45, sample-makers $30, drapers $27, examiners $21, and cleaners and pinkers $15. Un-skilled workers were to be paid a minimum of $14 a week ("Text of Code," 1933).
called upon to sell under uniform terms including standard 8% end of month discounts. This stipulation forbade secret rebates, refunds, and allowances to retailers. Further, only defective or delayed merchandise could be returned to manufacturers, preventing retailers from returning garments that were no longer saleable due to shifting consumer demands. To indicate to consumers that garments were created according to the requirements of the code, garments were to bear the NRA Blue Eagle insignia and label (“Text of Code,” 1933). Provisions such as the abolition of all forms of discrimination and “Jim-crowism” (or the systematic practice of discrimination and segregation of African Americans) were discussed, but not included in the final code presented to and approved by the president (*Hearing on the Code*, 1933, p. 367).

To administer and enforce the provisions of the code, the Dress Code Authority was created. It was comprised of sixteen individuals with representatives from the NDMA, the United Association of Dress Manufacturers, Inc., the ILGWU, and members from the eastern metropolitan area and the western region. Financing for the operation of the code was apportioned to the apparel industry and paid for by NRA label fees purchased by companies. The price of the labels ranged from $8.00 per thousand for the city of New York to $10.00 per thousand beyond city boundaries; the higher price outside of the city defrayed additional administrative costs (*Hearing on the dress manufacturing industry: Amendment Proposal*, 1934).

As published in *Women’s Wear Daily*, many individuals stated pleasure with the passage of the NRA code. It was believed that with unfair competition curbed, manufacturers would have more time to concentrate on the development of the aesthetic elements and the promotion of their products, rather than cost-cutting measures (Rentner, 1933; “Zahn Predicts,” 1933). Companies that had been paying living wages to workers and maintaining high conditions in their factories would no longer be penalized by cut-throat competition (“Leveling,” 1933). According to
Dubinsky, the minimum wage, “would not only check the merciless competition” of the sweatshop employer but also “protect the better paid, organized worker from the demoralization of wage-scales emanating from the sub-standard shop” (Parmet, 2005, p. 85). The restriction of total work week hours was said to give designers, in particular, more leisure time to think; before the adoption of the code, the apparel industry was so concerned with “speed, speed, speed” and “chasing money” that it was believed that the forced “downtime” would encourage creative talent (“Urges Aid,” 1933, p. 2). The NDMA viewed the code as a “declaration of independence from unfair competition” (Lasher, 1933, p.1).

After approval, ideas to expand the original code were suggested. While the more pressing problems of wages and the limitations of hours were decided in the code, other problems such as design piracy were noticeably absent. In the article, “Big Bad Wolf ‘Style Piracy’ Has Little to Fear in Apparel Codes,” Crawford, prominent Women’s Wear Daily writer and editor, wondered, “If the apparel industry wants design protection or just wants to talk about it…unless regulation, supervision, and penalties are provided, the recovery act will have passed into history without the slightest benefit to the fundamental development of the apparel industries” (1933). Additional ideas submitted by the Dress Code Authority to the NRA included the barring of false advertising (Hearing: Modification, 1934).

Not everyone in the dress industry was pleased with the code. In amendment hearings, modification proposals, and the popular press, industry members suggested changes to everything approved in the original code, from the smallest details of end of month discounting to the larger matter of the geographical divisions of the industry (Hearing: Amendment, 1934). Maurice Rentner, chairman of the FOGA and a frequent speaker at the hearings, argued that

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6 See Marcketti and Parsons (2006) for analysis of the arguments for regulating design piracy during the NRA.
work-week restrictions were unfair to fashion “creators” as they could not be bound by hard and
fixed hours of labor. Rentner continued that the restricted work week and limit on overtime
“throttled creative activity and resulted in a disastrous impairment of the orderly functioning of a
quality apparel manufacturing business” (Rentner Urges,” 1933, p.11).

Some argued that it was incredibly difficult to enforce the work week standards in an
industry that included a large piece work system, in which workers were paid by the garment that
they sewed, rather than their weekly schedules. The wage scale also forced some manufacturers
to increase their prices, therefore providing advantage to larger companies that were able to
absorb higher production costs (“Leveling.” 1933). Strikes based on misunderstandings and
misuses of the recovery act were commonplace and caused great antagonism between employers,
1934). Ultimately, the only changes to the original code approved by President Roosevelt were
the allowance of the Code Authority to incorporate in any state of the United States and the
prohibition of bribery to gain trade secrets (Amendment to code of fair competition, 1934).

Besides specific problems with code rules, the simple act of enforcement was nearly
impossible in an industry as large and diverse as the women’s ready-to-wear manufacturing
business. The codes were intended to be regulated by the industries in which they were
developed, yet enforcement was lax and violations flagrant (“Industry Must Regulate Self,”
1933). Byres Gitchell, chairman of the Dress Code Authority, cited the lack of adequate
recordkeeping by individual dress manufacturers as a handicap in the enforcement of the
standards (“Says Lack of Records,” 1935). The lack of uniformity among codes in all textiles
and apparel organizations caused further damage to success in the women’s dress industry. For
instance, the cotton garment trade codes, among others, overlapped but did not uniformly
conform to the dress code. This negatively impacted on the number and volume of dresses
created and the possible number of workers employed (“Greater Code Flexibility,” 1935).

The End of the N.I.R.A. and the Codes

On May 26, 1935, the Supreme Court unanimously ruled in *Schecter Poultry V. U.S.* that
the NIRA was unconstitutional; Congress had overstepped its constitutional authority by
improperly delegating power to the President to approve codes of conduct and give them the
force of law. Further, the Federal Government had no power to regulate hours and wages in
transactions affecting interstate commerce (“Code-making Authority,” 1935; “Justices Cardozo,”
1935; “NRA Remnants,” 1935). The experiment in fostering economic recovery through
industrial self-government was decisively ended. Roosevelt claimed the NRA was economically
and socially successful in that it employed four million workers, added about $3,000,000,000 to
the annual purchasing power of working people, eliminated child labor and sweatshops, and
2). The Brookings Institute took issue with Roosevelt’s claims and estimated that only 500,000
were added to the employed work force (Dearing, et al., 1934). They argued that increased
employment was achieved primarily because employed workers reduced their hours and received
less pay in order to provide work for the unemployed.

Immediately following the court’s decision, those within the apparel industry discussed
finding a way to make the codes constitutional or to continue self-regulation in the spirit of the
codes but without government supervision (“First of Bills,” 1935; Fraser, 1991; “NRA begins,”
1935; “Richberg would extend,” 1935; “Voluntary NRA,” 1935). The NRDGA, the NDMA, the
ILGWU, and various medium to large size individual companies stated in Women’s Wear Daily and The New York Times that they would continue to conduct business under the fair trade provisions of the code (figure 2) (“Business to Fight,” 1935; Call, 1935a; “Dress Association Move,” 1935; “Industry Moves,” 1935; “Industries Speed NRA,” 1935). Echoing sentiments of dress trade leaders, Emil Rieve, President of the American Federation of Hosiery Workers, issued a blanket order stating, “We will close down the entire industry if need be in order to maintain wages, hours, and conditions of work” (“Garment Industry,” 1935, p. 17). Mortimer Lanzit, Executive Director of the NDMA, even suggested replacing the former NRA insignia that signified humane production standards with a nationwide “Buy-by-label” campaign, with garments carrying a “consumer protection label” (“Labor Label Drive,” 1935).

Despite these enthusiastic endorsements, some industry members were not angry or upset about the discontinuation of the NRA. Some manufacturers felt that the codes were too stringent and impossible to enforce (Zelomek, 1935). The high wages and production costs resulting from the regulations of the NRA meant that few firms experienced profits (Call, 1935b). Many believed that the NRA supported big business at the expense of small companies, which suffered under the strict rules of the codes. The elimination of the codes allowed for greater latitude in wage schedules and hours, and manufacturers and contractors could once again compete on price (“Darrow Denounces,” 1935). Some retailers even argued that the code restrictions took “all of the sport out of the industry” because buyers could not “haggle with manufacturers” over discounts (“Codes a Bulwart, 1935, p. 2).

Even before the Schechter decision, the large number of amendments and protestations against the women’s apparel industry codes indicated how unwieldy and ultimately
unenforceable the codes of conduct were. No longer backed by the power of government, the apparel industry continued to endure the economic and business practices which gave rise to the NRA. The apparel industry slipped back to the methods of production which favored lower labor costs, rather than quality of production (“Garment Industry,” 1935; Richards, 1951).

Conclusions

While the NRA may be viewed as a failure, the codes ultimately ushered in great changes in the apparel industry. Legislation succeeding the Blue Eagle supported many of the NRA’s more tangible ideas. The 1935 National Labor Relations Act declared employees had the right to organize and bargain collectively, and the 1938 Fair Labor Standards Act standardized a minimum wage (Fitzpatrick, 2009). Further, the NRA contributed to the revival of the union. According to Dubinsky, in 1932 the ILGWU was an organization of “inactivity, pessimism, and apathy, bankrupt in every respect, financially, morally, [and] organizationally” (Parmet, 2005, p. 82). During Roosevelt’s presidency and under Dubinsky’s dynamic leadership, the ILGWU more than quadrupled in membership and gained unprecedented importance and power (Eisner, 1969). As stated by Dubinsky, “because of the NRA we are not hated any more. The word ‘union’ is not a curse. The government said that labor has a right to organize” (Parmet, 2005, p. 101).

Some other ideas supported by the dress manufacturing industry during the NRA, such as a label to promote humane working conditions, were adapted by the ILGWU label campaign of 1959 to 1975 (Ulrich, 1995). Led by Dubinksy until 1966, the ILGWU used advertisements in newspapers, magazines, pamphlets, films, and other media to ask retailers and consumers to purchase union-made American apparel (Ulrich, 1995). The ILGWU also participated in the 1984 creation of the Crafted with Pride in U.S.A. Council, a group that marketed textiles and apparel made in the United States through television ads, newsletters, and clothing labels and
hangtags (Burns & Bryant, 2002). Although these later campaigns were focused on promoting American union-made clothing in an increasingly global environment, the underlying concepts of encouraging fair labor and business practices were similar to the ideas of the dress manufacturing codes created under the NRA.

In the 1990s, organizations such as the American Apparel and Footwear Association and the American Apparel Manufacturers Association implemented industry-wide, global codes of conduct (Wolfe & Dickson, 2002). By this time, the American apparel industry faced increased and intense global competition from overseas imports. Facing diminished membership, the ILGWU merged with the Amalgamated Clothing and Textile Workers’ Union to form the Union of Needletrades, Industrial and Textile Employees (UNITE!). In the 2000s, UNITE! launched Global Justice for Garment Workers and Behind the Label - campaigns that continue the traditions and ideals of the ILGWU to provide support for the worker (Vance & Paik, 2006).

Despite these and other attempts to form codes of fair business practices, abuses including child labor, specifically in developing countries, violation of wage and safety laws, design piracy, and sweatshop conditions remain unresolved even into the 21st century (Kunz & Garner, 2007). The history of the NRA codes implemented in the United States women’s ready-to-wear apparel industry provides an important early case study highlighting the difficulties and complexities of creating and achieving industry-wide standard practices through self-regulation. The failure of the NRA demonstrates that even with the joint cooperation of industry, labor, and consumer groups and the backing of the force of law, codes of fair competition proved difficult to enforce. To broaden our understanding of apparel manufacturing, future researchers may explore the similarities and differences in the various codes of fair competition created by the diverse branches of the garment industry.
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