

MR. CAPLES: Well, that is a series of questions, and I will try to answer them. If I read Secretary Wirtz correctly, he waltzed a little on that one and did not answer it directly. And being a good Chicago boy he has to be excused. The theory, of course, is, and the theory of the Fair Labor Standards Act is, that if you pay a penalty for working a man in excess of so many hours you are not going to work him. Now, this just happens to be a specious theory. Let us take a practical example. Let us say we have enough business to keep 10 turns going. That would be two 8-hour shifts a day, or two 8-hour turns a day for 5 days of the week. If our business picks up enough to fill an 11th turn we are not going to put on a crew to work that 11th turn; it is cheaper to work it overtime. And it is probably cheaper to continue to work it overtime until you know you can sustain another crew for a reasonable period of time -- 4 or 5 weeks.

The reason it is cheaper is twofold; one is, if you schedule a man on and work him less than 32 hours you pay him for 32 hours. So, if you work overtime for two turns you cannot do any worse than tie. Another thing is that when you bring men on you incur considerable liabilities today beside their direct pay, particularly if they have been on layoff for any period of time. So that, the penalties will not get the result; at least not to the extent that I think people hope for. The second thing is that one of the odd phenomena in the United States is that we had a steady reduction of hours per week on the average until the Fair Labor Standards Act came into effect. Now, what the cause of that phenomenon is I do not know, but this is what the figures say.

The third thing was, will the unions be for it? Sure the unions will be for it, for the simple reason that this is a very good way to raise pay. The best example of that is the electrical workers in Local 6 in New York City, which Harry Van Arsdale runs, on construction. The basic week for those people is 35 hours and none of them are scheduled less than 42. Well, where you have got 7 overtime hours built into your workweek this is a much faster rate of increase than on straight time. So, I think the unions would be unanimously for it, but I do not think this would in any way deter them from also wanting legislation to reduce the hours in the workweek.

QUESTION: Sir, you commented that you were currently wrestling with a technological problem that would cause you to lay off a large number of people on a permanent basis. In this, does