

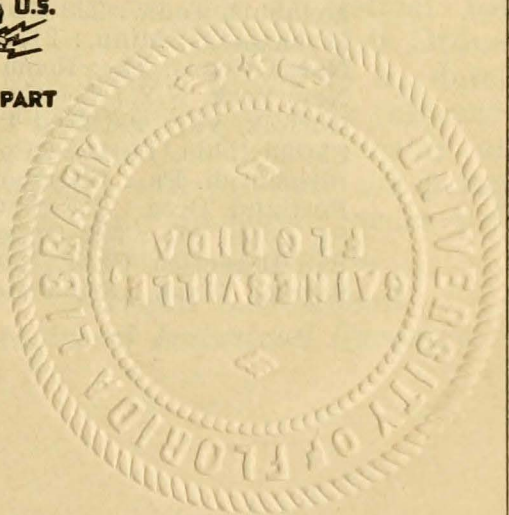
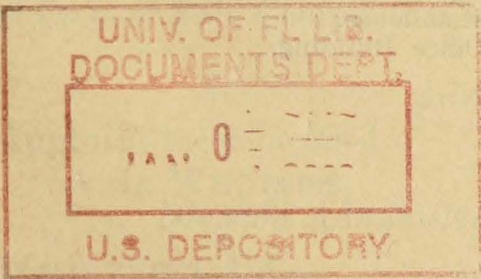
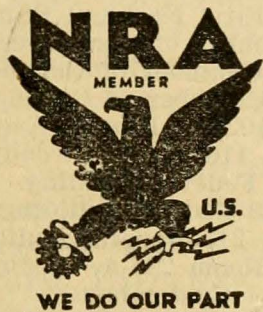
NATIONAL RECOVERY ADMINISTRATION

CODE OF FAIR COMPETITION

FOR THE

RUG CHEMICAL PROCESSING  
TRADE

AS APPROVED ON MARCH 23, 1934

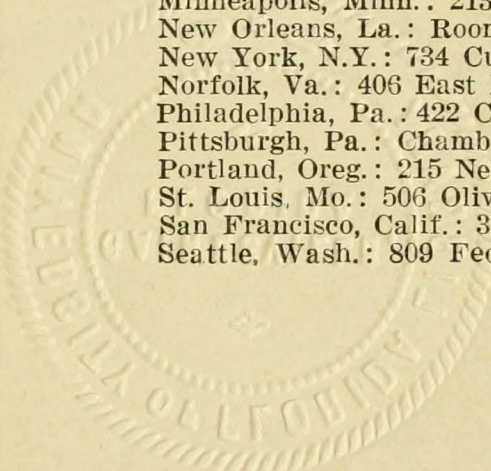


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Approved Code No. 355

CODE OF FAIR COMPETITION

FOR THE

RUG CHEMICAL PROCESSING TRADE

As Approved on March 23, 1934

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ORDER

CODE OF FAIR COMPETITION FOR THE RUG CHEMICAL PROCESSING TRADE

An application having been duly made pursuant to and in full compliance with the provisions of Title I of the National Industrial Recovery Act, approved June 16, 1933, for approval of a Code of Fair Competition for the Rug Chemical Processing Trade, and hearings having been duly held thereon and the annexed report on said Code, containing findings with respect thereto, having been made and directed to the President:

NOW, THEREFORE, on behalf of the President of the United States, I, Hugh S. Johnson, Administrator for Industrial Recovery, pursuant to authority vested in me by Executive Orders of the President, including Executive Order No. 6543-A, dated December 30, 1933, and otherwise; do hereby incorporate by reference said annexed report and do find that said Code complies in all respects with the pertinent provisions and will promote the policy and purposes of said Title of said Act; and do hereby order that said Code of Fair Competition be and it is hereby approved.

HUGH S. JOHNSON,  
*Administrator of Industrial Recovery.*

Approval recommended:

A. D. WHITESIDE,  
*Division Administrator.*

WASHINGTON, D.C.,  
*March 23, 1934.*

## REPORT TO THE PRESIDENT

The PRESIDENT,  
*The White House.*

SIR: The Hearing on the Code of Fair Competition for the Rug Chemical Processing Trade was held in the Ambassador Hotel, Washington, D.C., on January 4, 1934. The Code, which is attached, was presented by duly qualified and authorized representatives of the trade, complying with statutory requirements, said to represent 100 percent in number and volume of the trade.

In accordance with the customary procedure, everyone present who had filed a request for an appearance was freely heard in public, and all statutory and regulatory requirements were complied with.

The provisions of this Code have been approved by the Industrial Advisory Board, the Consumers' Advisory Board, the Labor Advisory Board, the Legal Division, and the Division of Economic Research and Planning.

### CHARACTERISTICS OF THE TRADE

A large number of antique and semi-antique Oriental rugs have entered into this country during the past forty or more years, but the source of supply from the Near East became exhausted in a relatively short time. An increasing demand for reproductions stimulated the weaving of new rugs especially for the American market. However, new Oriental rugs are not readily marketable in this country, owing to their crudeness in texture and harshness in color. This led to the formation of a line of trade peculiarly adapted to processing rugs. It might be said that the processes used by the members of this trade are the results obtained after a number of years of experimentation.

This trade is a highly integrated one, in which prosperity is dependent upon the quantity of Oriental rug imports and in which service charges are determined by personal contacts and bargaining of the members of this trade with the importers. Perhaps, more than 90 percent of Oriental rugs imported in this country are turned over to this trade. These rugs pass through a chemical mercerization process which produces a lustre or sheen over the original harsh woven pile surface. After this process, some rugs are hand colored in order to reduce the vivid colors woven in them. The application of each color requires a separate washing and drying. When necessary, the rugs are sheared, and finally the fringes are trimmed and tinted. It takes approximately three weeks to complete this work.

As this work is of a highly specialized nature, requiring knowledge not commonly gained in this country, successful operation in the business has been limited to nine firms, of which eight are located in the metropolitan area of New York City and one in Nutley, New Jersey, not far away.

## LABOR PROVISIONS

On the basis of figures submitted by the trade, it is estimated that there were approximately 1,300 employees in the Rug Chemical Processing Trade in 1929, and that employment declined about 60 percent between 1929 and 1933.

Hours of employment are limited to 40 hours in any one week, with the following exceptions: maintenance employees shall be permitted to work 48 hours in any one week and watchmen are permitted 56 hours in any one week; executives, foremen, and superintendents are allowed unlimited hours. During a peak period not to exceed more than 8 weeks in the Spring and not more than 12 weeks in the Autumn, maintenance employees may be permitted to work 54 hours in any one week and other employees may be permitted to work 48 hours in any one week, provided that time and one third ( $1\frac{1}{3}$ ) shall be paid for hours worked in excess of the maximum hours provided in the Code.

The Code provides minimum wages for accounting, clerical and office employees at the rate of \$15.00 a week in cities of over 500,000 population; \$14.50 a week in any city between 250,000 and 500,000 population; and not less than \$14.00 a week in any place of less than 250,000 population. No other employee shall be paid at less than the rate of 30 cents an hour. However, learners, office boys and messengers may be paid 80 percent of the prescribed minimum rate of wage.

## TRADE PRACTICES

Provisions have been incorporated in the Code to eliminate unfair practices which have developed in the trade to the detriment of all interests. The trade has sought to eradicate such practices by making them violations of the Code.

## FINDINGS

The Deputy Administrator in his final report to me on said Code having found as herein set forth and on the basis of all the proceedings in this matter:

I find that:

(a) Said Code is well designed to promote the policies and purposes of Title I of the National Industrial Recovery Act, including removal of obstructions to the free flow of interstate and foreign commerce which tend to diminish the amount thereof and will provide for the general welfare by promoting the organization of industry for the purpose of cooperative action among the trade groups, by inducing and maintaining united action of labor and management under adequate governmental sanctions and supervision, by eliminating unfair competitive practice, by promoting the fullest possible utilization of the present production capacity of industries, by avoiding undue restriction of production (except as may be temporarily required), by increasing the consumption of industrial and agricultural products through increasing purchasing power, by reducing and relieving unemployment, by improving standards of labor, and by otherwise rehabilitating industry.

(b) Said trade normally employs not more than 50,000 employees, and is not classified by me as a major industry.

(c) The Code as approved complies in all respects with the pertinent provisions of said Title of said Act, including without limitation Subsection (a) of Section 3, Subsection (a) of Section 7, and Subsection (b) of Section 10 thereof; and that the applicant association is an industrial association truly representative of the aforesaid trade; and that said association imposes no inequitable restrictions on admission to membership therein.

(d) The Code is not designed to and will not permit monopolies or monopolistic practices.

(e) The Code is not designed to and will not eliminate or oppress small enterprises and will not operate to discriminate against them.

(f) Those engaged in other steps of the economic process have not been deprived of the right to be heard prior to approval of said Code.

For these reasons, this Code has been approved.

Respectfully,

HUGH S. JOHNSON,  
*Administrator.*

MARCH 23, 1934.

# CODE OF FAIR COMPETITION FOR THE RUG CHEMICAL PROCESSING TRADE

## ARTICLE I—PURPOSES

To effectuate the policies of Title I of the National Industrial Recovery Act, the following provisions are established as a Code of Fair Competition for the Rug Chemical Processing Trade, and shall be the standard of fair competition for such trade and shall be binding upon every member thereof.

## ARTICLE II—DEFINITIONS

The term "Rug Chemical Processing Trade" as used herein includes mercerizing, recoloring and finishing domestic and imported rugs and carpets.

The term "employee" as used herein includes any person engaged in any phase of the trade in any capacity receiving compensation for his services, irrespective of the nature or method of payment of such compensation, except a member of the trade.

The term "employer" as used herein includes anyone by whom any such employee is compensated or employed.

The term "executive" as used herein includes any employee solely responsible for the management of a division of the trade or of a recognized subdivision.

The term "member of the trade" includes anyone engaged in the trade as above defined, either as an employer or on his own behalf.

The term "mercerization only" as used herein means the application of a chemical mercerization process to rugs, which acts upon the fibre and produces a sheen or lustre.

The term "mercerization and color work" as used herein means the application of a chemical mercerization process to rugs, which acts upon the fibre and produces a sheen or lustre, and the recoloring of the individual patterns.

The term "finishing" as used herein means the shearing of surface and the repairing of fringes on rugs to improve their appearance incidental to mercerizing and coloring.

The term "trade area" as used herein shall mean any area designated as a trade area by the Code Authority and approved by the Administrator.

The term "association" as used herein means the Rug Chemical Processing Association—a Trade Association.

The terms "President", "Act", and "Administrator" as used herein shall mean respectively the President of the United States, Title I of the National Industrial Recovery Act, and the Administrator for Industrial Recovery.

Population for the purposes of this Code shall be determined by the 1930 Federal Census.

## ARTICLE III—HOURS

1. Except as hereinafter expressly stipulated otherwise—

(a) No maintenance employee shall be permitted to work in excess of forty-eight (48) hours in any one (1) week.

(b) No other employee shall be permitted to work in excess of forty (40) hours in any one (1) week.

2. During a peak period not to exceed more than eight (8) weeks in the Spring and not more than twelve (12) weeks in the Autumn, maintenance employees may be permitted to work fifty-four (54) hours in any one (1) week and other employees may be permitted to work forty-eight (48) hours in any one (1) week, providing that time and one third ( $1\frac{1}{3}$ ) shall be paid for hours worked in excess of the maximum hours provided in Section 1 (a) and (b).

3. The maximum hours fixed in this Article shall not apply to:

(a) Watchmen who may not be permitted to work more than fifty six (56) hours in any one week and in no case may they work more than six (6) days in any seven (7) day period.

(b) Executives, foremen and superintendents receiving a salary of thirty-five dollars (\$35.00) or more a week.

(c) Employees on emergency maintenance or emergency repair work involving breakdowns or protection of life or property, but in any such cases at least one and one third ( $1\frac{1}{3}$ ) times the normal rate shall be paid for hours worked in excess of the maximum hours provided in Section 1 (a) and (b).

4. No employer shall knowingly permit any employee to work for any time which, when totaled with that already performed with another employer or employers, exceeds the maximum permitted herein.

5. No employee shall be permitted to work in excess of six (6) days in any seven (7) day period.

## ARTICLE IV—WAGES

1. No employee except as hereinafter specified shall be paid at less than the rate of thirty cents (\$.30) an hour.

2. No accounting, clerical or office employees shall be paid at less than the rate of fifteen dollars (\$15.00) a week in any city of over 500,000 population, or in the trade area of such city; nor less than fourteen dollars and fifty cents (\$14.50) a week in any city between 250,000 and 500,000 population, or in the trade area of such city; nor less than fourteen dollars (\$14.00) a week in any place of less than 250,000 population.

3. The wages and rates of pay of employees receiving more than the minimum wages and rates hereinabove prescribed shall be re-adjusted so as to preserve equitable differentials. All such adjustments made since June 16, 1933, shall be reported to the Code Authority within sixty (60) days of the effective date of the Code.

4. No member of the trade, by reason of the adoption of this Code, shall reduce any employee's total weekly wage or that wage actually received on June 16, 1933, whichever shall be the greater, whether based on an hourly rate or a weekly wage, notwithstanding the fact that the hours of work of such employees may be reduced.

5. This Article establishes a minimum rate of pay, regardless of whether an employee is compensated on a time-rate, piecework, or other basis.

6. The minimum wage provided for in Section 1 of this Article shall not apply to learners, office boys, and messengers, provided that the minimum rate of compensation for these employees shall not be less than eighty percent (80%) of the minimum rates established in Section 1 of this Article, and the total number of persons so compensated shall not exceed ten percent (10%) of the total number of employees engaged by an employer. Learners shall not be employed as such for a period in excess of eight (8) weeks.

#### ARTICLE V—GENERAL LABOR PROVISIONS

1. No person under seventeen (17) years of age shall be employed in the trade. In any State an employer shall be deemed to have complied with this provision if he shall have on file a certificate or permit duly issued by the authority in such State empowered to issue employment or age certificates or permits, showing that the employee is of the required age.

2. Employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection.

3. No employee and no one seeking employment shall be required as a condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing.

4. Employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment approved or prescribed by the President.

5. Every employer shall make reasonable provisions for the safety and health of his employees at the place and during the hours of their employment. Standards for safety and health shall be submitted by the Code Authority to the Administrator within six (6) months after the effective date of this Code. Upon approval by the Administrator such standards shall become operative as a part of this Code.

6. Within each State this Code shall not supersede any laws of such States imposing more stringent requirements on employers regulating the age of employees, wages, hours of work, or health, fire or general working conditions than under this Code.

7. Employers shall not reclassify employees or duties of occupations performed by employees so as to defeat the purposes of the Act.

8. Each employer shall post complete copies of this Code in conspicuous places accessible to employees.

#### ARTICLE VI—ORGANIZATION, POWERS AND DUTIES OF THE CODE AUTHORITY

##### ORGANIZATION AND CONSTITUTION

1. There shall forthwith be constituted a Code Authority consisting of:

(a) Three (3) representatives of the trade or such other number as may be approved from time to time by the Administrator, to be selected as hereinafter provided.

(b) Such additional members, without vote, not to exceed three (3), as the Administrator may appoint to represent such groups or interests or such governmental agencies and for such periods as he may designate.

2. The representatives of the trade shall be selected in the following manner:

(a) Three (3) individuals shall be appointed by the Board of Directors of the Rug Chemical Processing Association.

The foregoing individuals shall be appointed immediately after the approval of this Code, and shall hold office until December 31, 1934, and thereafter until their successors are appointed and qualify. Their successors shall be appointed for a term of one (1) year on or before December 31st of each year. Appointments of successors (which may include reappointments of original individuals) shall be made, and vacancies for unexpired terms may be filled in the same manner and by the same agencies as the original appointments.

(b) Additional representatives of the trade may be appointed by the Administrator or selected in a manner prescribed by him.

3. Each trade or industrial association directly or indirectly participating in the selection or activities of the Code Authority shall (1) impose no inequitable restrictions on membership, and (2) submit to the Administrator true copies of its articles of association, bylaws, regulations, and any amendments when made thereto, together with such other information as to membership, organization, and activities as the administrator may deem necessary to effectuate the purposes of the Act.

4. In order that the Code Authority shall at all times be truly representative of the trade and in other respects comply with the provisions of the Act, the Administrator may prescribe such hearings as he may deem proper; and thereafter if he shall find that the Code Authority is not truly representative or does not in other respects comply with the provisions of the Act, may require an appropriate modification in the method of selection of the Code Authority.

5. Members of the trade shall be entitled to participate in and share the benefits of the activities of the Code Authority by assenting to and complying with the requirements of this Code and sustaining their reasonable share of the expenses of its administration. Such reasonable share of the expenses of administration shall be determined by the Code Authority, subject to review by the Administrator, on the basis of volume of business and/or such other factors as may be deemed equitable.

6. Nothing contained in this Code shall constitute the members of the Code Authority partners for any purpose. Nor shall any member of the Code Authority be liable in any manner to anyone for any act of any other member, officer, agent or employee of the Code Authority. Nor shall any member of the Code Authority exercising reasonable diligence in the conduct of his duties hereunder, be liable to anyone for any action or omission to act under this Code, except for his own wilful misfeasance or non-feasance.

7. If the Administrator shall determine that any action of the Code Authority or any agency thereof may be unfair or unjust or

contrary to the public interest, the Administrator may require that such action be suspended to afford an opportunity for investigation of the merits of such action and further consideration by such Code Authority or agency pending final action, which shall not be effective unless the Administrator approves or unless he shall fail to disapprove after thirty (30) days' notice to him of intention to proceed with such action in its original or modified form.

#### POWERS AND DUTIES

8. The Code Authority shall have the following further powers and duties:

(a) To insure the execution of the provisions of this Code and to provide, subject to rules and regulations established by the Administrator, for the compliance of the trade with the provisions of the Act; provided, however, that this shall not be construed to deprive duly authorized governmental agencies of their power to enforce the provisions of this Code or of the Act.

(b) To adopt by-laws and rules and regulations for its procedure and for the administration and enforcement of this Code, in accordance with the powers herein granted, and to submit the same to the Administrator for his approval together with true copies of any amendments or additions when made thereto, minutes of meetings when held, and such other information as to its activities as the Administrator may deem necessary to effect the purposes of the Act.

(c) To obtain from members of the trade such information and reports as are required for the administration of the Code, and in addition to information required to be submitted to any Code Authority all or any of the persons subject to this Code shall furnish such statistical information as the Administrator may deem necessary for the purposes recited in Section 3 (a) of the Act, to such Federal and State Agencies as the Administrator may designate; nor shall anything in this Code relieve any person of existing obligations to furnish reports to governmental agencies. No individual reports shall be disclosed to any other member of the trade or any other party except to such governmental agencies as may be directed by the Administrator.

(d) To use such trade associations and other agencies as it deems proper for the carrying out of any of its activities provided for herein, provided that nothing herein shall relieve the Code Authority of its duties or responsibilities under this Code and that such trade associations and agencies shall at all times be subject to and comply with the provisions hereof.

(e) To appoint a trade practice committee which shall meet with the trade practice committees appointed under such other codes as may be related to the trade for the purpose of formulating fair trade practices to govern the relationships between employers under this Code and under such others to the end that such fair trade practices may be proposed to the Administrator as amendments to this Code and such other codes.

(f) To secure from members of the trade assenting to the Code an equitable and proportionate payment of the reasonable expenses of maintaining the Code Authority and its activities.

(g) To cooperate with the Administrator in regulating the use of any N.R.A. insignia solely by those members of the trade who have assented to, and are complying with, this Code.

(h) To recommend to the Administrator any action or measures deemed advisable, including further fair trade practice provisions to govern members of the trade in their relations with each other or with other trades or industries, measures for industrial planning, and stabilization of employment; and including modifications of this Code which shall become effective as part hereof upon approval by the Administrator after such notice and hearing as he may specify.

(i) The Code Authority shall cause to be formulated an accounting system and methods of cost finding and/or estimating capable of use by all members of the trade. After such system and methods have been formulated, full details concerning them shall be made available to all members. Thereafter all members shall determine and/or estimate costs in accordance with the principles of such methods. The Code Authority shall also devise and establish, subject to the approval of the Administrator, a uniform invoice and receipt adaptable to the needs of the trade.

#### ARTICLE VII—OPEN PRICE DATA

1. Each member of the trade shall file with the Code Authority and publish to the trade lists of his prices and also any revision of prices, which shall be immediately forwarded to all members of the trade. If any member of the trade desires to revise any of his prices he shall file with the Code Authority any such revision, which shall become effective immediately. Any such revision shall be forwarded immediately to all members of the trade, who, thereupon, may file any revision, which shall become effective immediately.

2. No member of the trade shall sell any service for less than his published list prices, except as qualified by Article VIII, Section 12.

#### ARTICLE VIII—TRADE PRACTICES

The following practices constitute unfair methods of competition for members of the trade and are prohibited:

1. Using, publishing, or broadcasting any untrue, deceptive, or misleading representation, statement, or illustration in connection with the service rendered by the trade.

2. The defamation of competitors by falsely imputing to them dishonorable conduct, questionable credit standing, inability to perform contracts or by other false representations or by the false disparagement of the quality of their service.

3. Giving, permitting to be given, or directly offering to give, anything of value for the purpose of influencing or rewarding the action of any employee, agent or representative of another in relation to the business of the employer of such employee, the principal of such agent, or the represented party, without the knowledge of such employer, principal or party. This provision shall not be construed to prohibit free and general distribution of articles commonly used for

advertising except so far as such articles are actually used for commercial bribery as herein defined.

4. Inducing or attempting to induce the breach of a contract between a competitor and his customer, or interfering with or obstructing the performance of any such contractual duties or services.

5. Securing confidential information concerning the business of a competitor by a false or misleading statement or representation, by bribery, or by any other unfair method.

6. The secret payment or allowance of rebates, refunds, commissions, credits, or unearned discounts, whether in the form of money or otherwise, or the secret extension to certain customers of special services or privileges not extended to all customers on like conditions and terms.

7. Intentionally short measuring merchandise delivered for processing.

8. Purchasing rugs from any customer under a claim that they are damaged unless the rugs are actually damaged.

9. Quoting terms other than those contained in the uniform invoice or receipt devised by the Code Authority and approved by the Administrator or postdating bills for mercerization only or mercerization and recolor work.

10. Purchasing merchandise from a customer, or advancing money or extending credit to a customer or prospective customer for the payment of import duties, or financing a customer or prospective customer to unfairly influence such customer for the purpose of securing and/or obtaining his business.

11. Labeling and/or charging for a rug other than by the name recognized in the trade or misrepresenting the grade of any rug as other than the grade recognized in the trade.

12. Rendering any service at a price below the cost of such service determined in accordance with the cost accounting plan devised by the Code Authority and approved by the Administrator, provided, however, that any member may meet the price of a competitor that is not in violation of this Code.

#### ARTICLE IX—MODIFICATION

1. This Code and all the provisions thereof are expressly made subject to the right of the President, in accordance with the provisions of subsection (b) of Section 10 of the National Industrial Recovery Act, from time to time to cancel or modify any order, approval, license, rule, or regulation issued under Title I of said Act and specifically, but without limitation, to the right of the President to cancel or modify his approval of this Code or any conditions imposed by him upon his approval thereof.

2. This Code, except as to the provisions required by the Act, may be modified on the basis of experience or changes in circumstances, such modification to be based upon application to the Administrator and such notice and hearing as he shall specify, and to become effective on approval of the Administrator.

## ARTICLE X—MONOPOLIES

No provision of this Code shall be so applied as to permit monopolies or monopolistic practices, or to eliminate, oppress, or discriminate against small enterprises.

## ARTICLE XI—EFFECTIVE DATE

This Code shall become effective on the first Monday after its approval by the Administrator.

Approved Code No. 355.  
Registry No. 214-05.





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