

Munford: 'Minimum Wage A Tragic Thing'

"This minimum wage is a tragic thing," says Dillard Munford, 61, head of Munford Inc., the company which runs Majik Markets, the nation's second-largest chain of convenience stores. A graduate of Georgia Tech, Munford started in business 36 years ago with little money and gradually made his mark in a variety of enterprises. Munford's outspoken advocacy of conservative political causes has been known to draw criticism from associates who fear his comments are bad for business. But in an interview, Munford talked openly of his displeasure with the nation's minimum wage regulations, which he blames for some of his company's financial difficulties in recent years.



Dillard Munford took a small convenience store chain and turned it into a national leader in its field. (Staff Photo—Calvin, Cruce)

"The minimum wage on a small business person is a terrible thing. Labor is a big factor. It definitely affects our personnel and the consumer. We had husband-and-wife teams working in our stores, and when wage-hour came on, we had to cut that out and go to overtime. These people took enormous cuts in pay (because the company no longer permitted overtime work). I run into people now who say, 'Boy, would I like to get back to making what I did before the wage-hour law went into effect.'"

"The minimum wage and the wage-hour law change where we had to pay overtime in the store made us close in over two years' time at least 100 stores. We've been in this business a long time. A small store could support an employee and they could work long enough to make some money, but we didn't have to pay them overtime. Then, when we lost that exemption and the minimum wage went up, it made our costs go through the ceiling compared to the small sales. It probably wasn't so bad — we maybe should have closed those stores anyway — but it put people out of work, and it put some non-productive real estate on the market."

"The main concern is that

we have so many applications from teen-agers — young people, not necessarily teen-agers — who are just not worth the minimum wage. It's just better business to hire a moonlighter who is settled and is not prone to all the frailties of the young people. I think we are a classic example of why we have all this teen-age unemployment."

(Does he think that as an employer, he should be allowed to hire workers, teen-agers for instance, at, say, a dollar an hour, compared to the current minimum wage of \$2.90 an hour?)

"Well, I think it's better than nothing. You can't get any qualified person to work for that, but teen-agers off the street — particularly black ones who don't do anything — it's sure better to have them in some livelihood than just roaming the streets and ending up burglarizing one of our stores or something."

"I don't see the need for the minimum wage if you've got a market of people. We're in some markets where the unemployment is way down and we pay a lot more than the minimum wage, and there are places where there are a

lot of people we pay the minimum wage. You put a lot of young people to work and you make opportunities for them and put them through the training process. We can't even afford to put people through a training market at the wages of today."

The wage and hour case "was a matter where the wage-hour office said a person couldn't come in a store and take off his coat and go to the bathroom without being on the payroll. It was not a question of taking advantage of anybody, nobody had ever argued about it, we weren't trapped or caught or anything. It was just that they said people who are in a store ought to be paid for it. And if they made a deposit in a bank on the way home, then they ought to be paid for that."

"I just figure if a person wants to come to work and check in and gossip about things in general, if they want to do it, they should be able to do it. If they don't want to do it, there's no general obligation on them. We hire a lot of ladies, and they enjoy chatting and gossiping with each other and cleaning up, and maybe some of them would change clothes, and they said we should pay them for this."

"They (the wage-hour investigators) have hit all the convenience stores. All of the stores have been caught on the same damn thing I was. This minimum wage is a tragic thing, and I hope Congress will have the courage to face up to this. Mr. Carter hasn't. It was a gift to the unions, but it has just raised hell with a lot of people and put a lot of teen-agers on the street. In our case, we cut out about 300 people."

"People think when you talk about a minimum wage violation that you're talking about trying to beat some poor widow woman out of 10 cents an hour. That was not involved with us at all. It was just a matter of people being on the premises and not being paid for it."

"We would like to pay all we can, but we want to be competitive too. The fast-food

business and our business too are not noted for making unusual profits at the retail level.

"A minimum wage violation in some people's minds make the guy into one big s.o.b."

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Underpaid

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— long structures along the tracks built up as high as a freight car — became a lifeline for meat, milk, fruit and other perishables along the nation's extensive network of railroad tracks.

From atop the platforms, workers wrestled heavy blocks of ice onto the rail cars and down into cooling compartments. The train sped on and, before the ice melted, pulled up to another platform.

It was fitting that Atlanta became the home of one of the nation's larger ice companies. The city was founded as a terminal point for a new railroad, the Western and Atlantic, and its naming as Atlanta in 1847 was the idea of a railroad engineer. The city grew as an intersection point of rail lines which spanned the Southeast.

Through Atlanta, rocketing in freight trains from the north, passed butter from Minnesota, meats from Chicago, apples from Washington and cheese from Wisconsin. From the south came vegetables and fruit from Florida, and, of course, peaches from south Georgia.

By the 1930s, few of these products were shipped into or out of the Southeast without the services of the Atlantic Co. Inc. Incorporated in Georgia in 1910, by the century's fourth decade the company had 65 branches in North Carolina, South Carolina, Tennessee and Virginia.

In Atlanta alone, Atlantic maintained a dozen ice plants, a large cold-storage warehouse by the tracks, two icing platforms and a brewery.

June, July and August, the height of the peach season in the Peach State, were the busiest months. Tons of ice were shipped throughout the state to chill cars carrying the harvest north. Temporary colonies of ice workers grew up along the tracks and the men worked nearly around the clock.

The use of ice was prodigious. During a two-year period from 1938 to 1940, 41,000 tons of Atlantic Co. ice was used in the city of Atlanta alone to refrigerate more than 23,000 freight cars.

one of the first major businesses tested under the law. And, it would turn out, the company did not pass the test.

The Fair Labor Standards Act was signed into law on June 25, 1938. Covering workers engaged in interstate commerce, the law set a minimum wage of 25 cents an hour to begin Oct. 24 of that year, increasing to 30 cents an hour in 1939. Employers were also required to pay overtime for a work week beyond 44 hours, reduced to 40 hours two years later.

The law was designed by Congress and the Roosevelt administration to help pull the United States out of a decade-long depression. The goal was twofold: to force businesses to pay workers a better wage, and to induce businesses to shorten work weeks. Instead of working a few men long hours, companies might decide to hire other men from the ranks of millions of unemployed.

The new law, especially in the South, was greeted with defiance, according to Beverly Worrell, one of the first attorneys hired to enforce the minimum wage. "We did get into litigation fairly early," Worrell recalled recently.

One suit, titled *Philip B. Fleming* (administrator of the Wage of Hour Division of the U.S. Department of Labor) v. *the Atlantic Co.*, was filed on May 24, 1940, in U.S. District Court in Atlanta. The suit focused only on the company's operations in Atlanta and asked merely that the federal court order the ice company to obey the Fair Labor Standards Act.

The suit charged that "minimum wage, overtime, and record-keeping provisions... (had) been violated" in each of Atlantic's departments from the day the law went into effect. Among the specific allegations:

"In the ice department, many production employees were paid as little as 17 cents an hour, and car icing employees frequently worked 90 hours or more weekly for 20 cents an hour."

"In the cold-storage department, payment to laborers of wages (was) as low as 15 cents an hour. The overtime sections were also violated with respect to the same employees, whose usual workweek was 66 hours on the day shift and 72 hours on the night shift."

"Numerous employees in the brewery were paid 20 cents an hour."

"Atlantic plotted a 'scheme' to evade the law by

forcing some employees to sign cards showing their wages and hours inaccurately. The cards, prepared by Atlantic's offices, were "sent out to the various department heads and managers with letters of instruction which directed the dismissal 'quietly' of any employee who refused to sign."

After a juryless trial, U.S. District Judge Robert L. Russell ruled in 1941 that Atlantic had failed to pay the new minimum wage.

But the allegation that ice laborers might be working for 90 hours a week, or for 15 cents an hour, was not the real issue in the case. The central question, asked insistently by Atlantic, was whether the government had a right to regulate wages at all. Atlantic argued that the Fair Labor Standards Act was unconstitutional.

Had the Atlantic suit moved faster, it might have been the case to test the minimum wage law before the U.S. Supreme Court. As it was, another Georgia case — this one involving minimum wage violations in the state's lumber industry — made it to the nation's top court first, earlier in 1941.

Ruling on the lumber case, the Supreme Court declared the minimum wage law constitutional.

Forty years later, one might wonder why men would labor in ice plants for 90 hours. But the reason was simple. In the depths of a depression, hundreds of men were available for any job opening, and the ice workers were thankful for their jobs.

Of the workers mentioned by name in the court records, none could be found alive in 1979. The widow of one worker now lives in south Atlanta, and she recalls those hard times well.

"He was out of work. He was grateful to get anything," said the woman of her husband, asking that his name be kept private. "Way back yonder, when he was young, he worked in the cold-storage department. He went to work down there about 1934. It was during the depression. I remember it was for \$18 a week. He didn't care about the hours."

"You know, nobody made much then. He had been without work for eight months. We went and lived with an aunt. He was grateful. He's gone now. All the people I knew then are gone. But I can tell you they were grateful."

Shelby Low, who has worked for Southern Railway for more than 45 years in the Inman yard in Atlanta, also

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