

## DEADLINE NEARS FOR CREDENTIALS FOR CONVENTION

Affiliated local unions throughout the state were reminded today that the list of authorized delegates to the 4th Convention of the California Labor Federation, must be filled out and mailed to the California Labor Federation, 995 Market Street, San Francisco 3, not later than August 6, 1962.

Thos. L. Pitts, Secretary-Treasurer of the Federation noted that the credential forms were mailed to the various locals on about June 15.

As set forth in the official Convention Call, delegates-elect and alternates-elect will receive their credentials from the secretaries of the organizations they are to represent. The local's secretary is to give the original credential to the delegate and to fill out the list of authorized delegates and mail the original and duplicate of that list, as well as the duplicate of the credential given to the delegate to the Secretary-Treasurer of the Federation. The triplicate of the list of authorized delegates is to be retained by the local secretary.

The Convention will convene in the Municipal Auditorium in Long Beach at 10:00 A.M. Monday, August 20, 1962 and continue from day to day until the business of the Convention has been completed.

## Firemen Win Key Union Test Case

The freedom of fire fighters throughout the state to organize and join labor unions of their choice has been underscored by a decision handed down by the District Court of Appeals, Fifth District, in a case involving the International Association of Fire Fighters, Local No. 1396, AFL-CIO, versus the County of Merced.

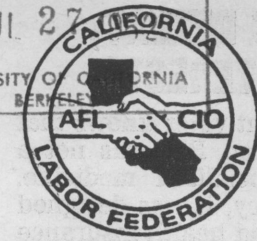
The decision, which is of statewide significance since it involves the first Appellate Court interpre-

(Continued on Page 3)

## State Labor Fed Asks Investigation of Workmen's Comp. Carriers' Expenses

The California Labor Federation this week urged the State Insurance Commissioner to launch an extensive investigation to determine the present actual, annual operating costs of Workmen's Compensation Insurance carriers in California because the 38% expense allowance presently granted to all insurance carriers appears to be nearly three times as much as the actual expenses incurred by the state fund.

Appearing before the Commissioner of the State Department of Insurance on Monday, the Federation's spokesman explained that organized labor in California was primarily concerned with the division of the premium dollar between the



THOS. L. PITTS  
Executive  
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151

## PITTS BLASTS HEALTH CARE BILL'S DEFEAT; HITS VAST POWERS OF SPECIAL INTERESTS

"The shocking defeat of the modified King-Anderson bill in the Senate Tuesday should serve to awaken the American public to the enormous power wielded by two special interest groups — the American Medical Association and the private insurance carrier," Thos. L. Pitts, secretary-treasurer of the California Labor Federation, AFL-CIO, said today.

"The bi-partisan compromise measure which would have provided urgently needed medical care benefits for some 1½ million citizens of California was defeated by the same old band of renegades from responsible government that has consistently opposed legislation for the benefit of our nation's citizens at large. Especially if such legislation impinged, or was even thought to impinge, on the prerogatives of powerful special interest groups.

"Presumably Richard M. Nixon is dancing in the street with the lobbyists for the AMA and the private insurance carriers over this tremendous victory by the special interests. He indicated he stood staunchly behind the AMA on this issue during the primary campaign.

"I suggest that he dance very hard right now because he might not have an opportunity to do so

(Continued on Page 2)

## High Court Denies Carriers Try to Balk Crackdown

The State Supreme Court turned thumbs down Wednesday on a legal maneuver by private insurance carriers to modify an order issued by the Supreme Court on July 2 which directed the Department of Employment to proceed with immediate enforcement of regulations drawn up to stop private carrier raiding of the State Disability Insurance Fund.

The petition for modification, filed by the California-Western States Life Insurance Company and other carriers, would have prohibited Irving H. Perluss, Director of the State's Department of Employment, from mailing out notices of removal of approval of private unemployment disability insurance programs that did not comply with regulations adopted by the Director of Employment on Nov. 3, 1961, which set forth tests for the measurement of adverse risks.

The California Labor Federation has been fighting this issue with the private carriers in the legislature, the courts and before various administrative agencies for more than a year.

Thos. L. Pitts, secretary-treasurer of the federation, explained that "adverse selection means that the private insurance carriers have in the past been permitted to limit their coverage to those groups of employees in which the risk factor is minimal. Such a situation places

(Continued on Page 2)

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(Continued from Page 1)

again. Once the voters of this state as well as the voters in the other 49 states recognize that they have been bamboozled out of a just and equitable plan to finance adequate medical care for the aged, they will demonstrate their indignation at the polls in November," Pitts asserted.

The bill was killed for this session of Congress Tuesday when the Senate voted 52 to 48 in favor of a motion to table the measure.

An alignment of 21 Southern Democrats with 31 Republicans administered the death blow.

"Despite AMA contentions, the bill had nothing to do with doctor-patient relationships," the state AFL-CIO leader said. "It won bipartisan support solely because it was intended to meet the needs of persons 65 and over for some form of protection against costly medical expenses in their old age.

"Its defeat is not only a pity but a national shame," Pitts declared.

"Never have so many been duped by so few. Perhaps all the deliberate distortions and wild false charges spoon-fed to the American public by the AMA and the private insurance lobbyists should be regarded as a crude practical joke, like a hot foot that ruined a good pair of shoes.

### Challenging Job Opens on FEPC

The Fair Employment Practices Commission (FEPC) is looking for men who are looking for a challenge. The State Personnel Board has announced that a new examination will be given for the basic FEPC staff position of consultant (investigator and field representative) on September 8, 1962.

The principal qualifications required for this key FEPC post are three years experience in inter-faith, inter-racial or inter-ethnic group relationships and the ability to read, write and speak Mexican Spanish fluently. Applications for the post, which has a salary range of \$650 to \$790, should be filed with an office of the State Personnel Board by August 14. Further details may be obtained from FEPC, P. O. Box 603, San Francisco 1, California.

"The intelligent voter knows that the King-Anderson Bill was not a move toward socialized medicine. Quite the contrary, it was designed to provide prepaid health insurance for our nation's citizens so that they would not become public charges or oppressive financial burdens on their sons and daughters when overtaken by the infirmities of age.

"It was, and will be in the 88th Congress, a firm step forward toward national physical, emotional and mental health.

"This is something Nixon can't understand because he always has one ear plugged into what the lobbyists are saying and the other one just plain plugged.

"In his pre-primary swing through Marin County, Nixon said he opposed health care for the aged under Social Security because it was a fine example of 'Washington intervention' in problem areas where he would abdicate responsibility to private enterprise and local and county government.

"Nixon parrots the AMA line, saying he favors improving the totally inadequate Kerr-Mills Act, which provides limited benefits for medical indigents by requiring individuals to bury their dignity and subject themselves to a degrading financial means test," Pitts explained.

"In a sense the defeat of the King-Anderson Bill serves to crystallize the issues before us in the forthcoming November election.

"On the Congressional level we must see to it that the representatives we send to Washington are men who have a conscience and a heart and who are not bound hand and foot to some well-heeled special interest or committed to some such shallow, bigoted, frenetic philosophy as are those who espouse the John Birch Society.

"And to our statewide offices we must elect men who recognize the limits of what can be done at the state level and what must be done at the national level.

"In Governor Edmund G. Brown, Lt. Gov. Glenn Anderson and the other COPE-endorsed statewide candidates we have such men.

"Last year Governor Brown even

## High Court Denies Crackdown Balk

(Continued from Page 1)

the state fund in the position of covering all the high risk employees at the same premium rate which the private carriers get for the minimal risks," he added.

On April 12, 1962, the California-Western States Life Insurance Company and other carriers had obtained a preliminary injunction in a Sacramento Superior Court against the Director of Employment to bar immediate implementation of Perluss' regulations.

But on July 3, on the basis of a petition for a hearing filed by Pitts, the State Supreme Court issued a writ that stayed the injunction and set a hearing for August 28.

This action, reaffirmed by the high court's decision Wednesday, leaves the Director of Employment under orders from the court to comply with the mandate of the legislature to stop private carrier raiding of the disability insurance fund and the Superior Court preliminary injunction remained stayed.

flew to Washington to testify in behalf of the King-Anderson Bill. In his testimony the Governor explained that an adequate public assistance program could be financed under the Kerr-Mills Act only if the King-Anderson bill were enacted because, in essence, the Kerr-Mills Act amounts to only a supplementary program for 'those persons whose health needs cannot be met through a combination of social and private health care.'

"In short, Governor Brown, although working hard to utilize the Kerr-Mills Act to benefit the citizens of this state, recognized its gross inadequacies and appealed to Washington to do something about it.

"Does any intelligent voter in this state honestly believe Nixon would act on an issue affecting the general welfare such as this? I doubt it. They know he'd just follow the dictates of the AMA and sit on his hands.

"And that's exactly why there's a move afoot by congressional candidates on his own ticket to divorce themselves from his campaign. They know association with him will do them no good," Pitts asserted.

## Appellate Court Reverses Decision: Upholds Firemen's Right to Organize

(Continued from Page 1)

tation of Section 1960-63 of the Superior Court of Merced, in effect, ordered the reinstatement of a fire captain who had been discharged allegedly because of his activities on behalf of labor organization.

The suit maintained that the Chief of the Fire Department of the County of Merced initiated policies that denied, obstructed and inhibited the freedom of fire fighters to form, join or assist labor organizations of their choice.

The Court noted that the Board of Supervisors of the County of Merced, five members of which were also named in the suit, passed a resolution in January of 1961 that conformed with the requirements of Sections 1960-63 of the State Labor Code which specifically uphold the right of fire fighters to join any bona fide labor organization of their choice.

"Strangely enough," the Court noted, the fire chief "did not recall ever having seen or heard of the resolution."

When Monroe L. Johnson, the fire captain who was dismissed for his unionizing activities, first mentioned the possibility of forming a bona fide union to the fire chief, the chief was quoted as saying on or about May 2, 1961, that he had thrown guys out of the station before for this same thing (union activity) and he wouldn't have any union in his organization and if any union man came around his station he would throw him right out in the street.

Despite these threats, Captain Johnson continued his organizational work. On May 12, 1961, the chief dismissed him without further warning.

The fire chief, C. H. Vaughn, said "that he felt it was all right to interrupt men on duty to discuss the Merced County Employees' Association (in effect, a company union) because it was 'part of our welfare and benefit' but that the union should not be discussed on duty because it was not for the welfare and benefit of the men and the department," the court record stated.

But the court's decision refuted discrimination of this type by quoting a decision rendered by the U. S. Supreme Court which specifically recognized the right of employees

and of labor unions to have a reasonable opportunity to discuss their ideas and plans of organizations on the premises of the place of employment. The U. S. high court decision said in part:

"The right of self-organization depends in some measure on the ability of the employees to learn the advantages of self-organization from others. Consequently if the location of a plant and the living quarters of the employees place the employee beyond the reach of reasonable union efforts to communicate with them, the employer must allow the union to approach his em-

ployees on his property."

The chief of the Fire Department and all other officials of the County of Merced, the Appellate Court ruled, must carry out laws of the state which permit firemen to join labor organizations freely, without fear of discharge or the infliction of any other sanction.

"The reasons given by the chief for terminating Capt. Johnson's employment," the court said, in its June 4, 1962 ruling, "all grow out of his union activities." The claim that "... the dismissal of petitioner (Captain Johnson) was not due to his activities for or on behalf of the union" is not supported by the record.

And then the court added:

"The judgment is reversed."

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(Continued from Page 1)

cause the carriers are allowed to add 38 per cent to the minimum premium every time an increase is made in the portion of a premium allocated to actual loss benefit payment.

The Executive Board of the California Labor Federation fails to see why the task of writing an increased dollar sum on a check should cost an additional 38 per cent in overhead expenses.

The Federation suggested that the Commissioner carefully weigh the concept of fixed as against variable costs before he automatically extends the full expense loading factor to each and every increase in the pure premium.

There is no adequate reason why salary and office expenses, accident prevention and certain general expenses should vary greatly due to an increase in the amount of benefits paid or losses incurred, the spokesman said.

The Insurance Commissioner's attention was called to a study published in the California Law Review last year entitled "Efficacy and Cost of Workmen's Compensation" written by Professor Stefan A. Riesenfeld.

Dr. Riesenfeld concluded from his studies that the actual average annual operating cost of the California State Compensation Insurance Fund is about 15 per cent but that this figure is further reduced by use of additional income from investment and reserves. The effect

of the latter factors has been to produce an apparent expense ratio of about 12.5 per cent in the period 1948-1958. Dr. Riesenfeld's study of the experience of private carriers over the same period shows an apparent expense ratio for the 10 year period of approximately 35 per cent.

Allowing for the fact that the State fund is exempt from federal taxation and that it has a monopoly on the business of political subdivisions of the state and that it does not operate with the assistance of agents and brokers, the Federation nonetheless feels that these advantages do not provide a threefold savings in operating expenses.

An accounting of private insurance carriers income from investment and unutilized reserves might serve to determine the true expenses incurred by private insurance carriers, the Federation spokesman suggested. The study by Dr. Riesenfeld found that during the first 40 years of the operation of the State Fund (1914-1953) underwriting expenses totaled \$61,346,635 and that income from investment amounted to \$19,001,711. He also noted that during the years 1932-58 a gap of \$116,400,549 existed between the aggregates of losses incurred and losses paid in California. In view of this Dr. Riesenfeld questioned whether the private insurance carriers have not been setting aside substantially more funds than necessary to meet their reserve needs.

## AFL-CIO Urges Halt in Tax Deferrals That Cut U.S. Jobs and Hurt Economy

An immediate end to all special tax deferral privileges currently enjoyed by American firms with foreign subsidiaries has been urged by the AFL-CIO in recent testimony before the Senate Finance Committee which has been considering the House passed Tax Revision Bill.

As the law now stands, U. S. firms with plants overseas are permitted to defer payment of taxes on overseas profits indefinitely so long as they reinvest the money in other countries.

The Kennedy Administration has recommended that Congress completely eliminate tax deferral on the earnings of all American owned foreign subsidiaries, except in under developed countries.

Stanley H. Ruttenberg, Director of the AFL-CIO Department of Research, told the Committee that labor "is unalterably opposed" to any retreat, or compromise of the Administration's recommendations.

"The time has come to end all tax privileges which induce American firms to favor foreign investment overseas in preference to investment at home and thereby discourage job creation and economic growth in the United States," Ruttenberg said.

Ruttenberg pointed out that each U. S. dollar invested by U. S. corporate interests in foreign subsidiaries as a result of the tax deferral privilege hinders U. S. economic growth in two ways:

1—If the same dollar were invested in the U. S. it would help create employment and income.

2—When goods produced abroad are sold abroad — often to third countries as well as in the country of production — fewer goods are exported from the U. S. As a result of this displacement of exports "it is apparent that the jobs of thousands of Americans are being wiped out."

The tax deferral privilege, apparently initially intended to spur European economic recovery, also amounts to a subsidy granted by John Q. Taxpayer to U. S. corporate interests, labor officials said.

This is so, they explained, because the public must be taxed at a rate sufficiently high to counterbalance the deferred taxes which U. S. corporations channel into their foreign subsidiaries.

Just this week the Senate Finance Committee further weakened the President's tax revision bill by eliminating restrictions on expense accounts which would have provided a \$125 million gain in revenues and also knocking out a section that would have closed a \$30 million loophole in taxes paid by foreign subsidiaries of U. S. companies. This is in addition to earlier elimination of the withholding tax on dividends.

## Keynotes on Labor

More than 500 delegates representing some 360,000 California construction workers will convene in San Francisco July 24-27, 1962 for the 41st convention at the State Building and Construction Trades Council of California. Bryan T. Deavers, State President of the Council, has announced that convention headquarters for the biennial session will be at Del Webb's Towne House. Deavers also announced "that this year, for the first time since we were granted our charter in San Francisco in 1901, all 31 local councils are affiliated. This is real progress."

Thos. L. Pitts, executive secretary of the California Labor Federa-

## DEADLINE FOR CONVENTION RESOLUTIONS—AUGUST 6

In accordance with the Federation's constitution, all resolutions submitted by local unions and councils to the August 20-24 convention of the California Labor Federation, AFL-CIO, must reach the office of Secretary-Treasurer Thomas L. Pitts by 5:00 p.m. on Monday, August 6, 1962.

The only exception to this deadline will be resolutions submitted by regularly constituted and affiliated statewide organizations at conferences held between August 5-19, which must be filed with the secretary-treasurer not later than 9:00 p.m. on Sunday, August 19, 1962.

Resolutions delivered to the secretary-treasurer subsequently will be reported by him on the first day of the convention as late resolutions, and will not be referred to a committee for consideration unless the convention so orders by a vote of two-thirds of the delegates present and voting.

All resolutions must bear the signature of an executive officer or the seal of the affiliated organization.

tion will be the keynote speaker at the convention.

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Is anyone interested in picking up a quick \$5,000? Well then, just sit down and invent a stair-climbing, self-propelled wheelchair. The President's Committee on Employment of the Handicapped in cooperation with the National Inventors Council of the U. S. Department of Commerce is offering this sum in hope of finding a device to give the handicapped a greater degree of mobility in getting in and out of places of employment. The contest ends December 31, 1962. Details and contest rules may be obtained from the National Inventors Council, U. S. Department of Commerce, Washington 25, D. C.

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