

Bakersfield Site for Farm Labor Conference

The fourth annual statewide Conference on Families Who Follow the Crops has been called for February 27-28 at the Hacienda Motel in Bakersfield.

"This is a working conference focused on a search for areas of agreement where practical solutions can be found," declared conference chairman Florence R. Wyckoff. "By improved communication between all parties concerned, we hope to 'keep our feet on the ground' and learn from each other."

Typifying the range of participation again expected at the conference are the two speakers sharing the rostrum at Thursday night's banquet: Albin Gruhn, president of the California Labor Federation, AFL-CIO and Allan Grant, president of the California Farm Bureau Federation.

The Governor's Advisory Committee on Children and Youth acts as convener and co-sponsor of the conference together with growers, farm workers and representatives of service agencies, along with religious and civic groups having a special knowledge of rural communities and farm workers' problems.

Working committees composed of farm workers, union representatives, growers and agency personnel have planned the program around the theme:

(Continued on Page 3)

Meany Urges Economic Programs Beyond President Johnson's Minimum Proposals

While wholeheartedly supporting the "agenda for action" outlined in President Johnson's budget and economic messages last week, AFL-CIO President George Meany has nevertheless cautioned that the proposed \$11.1 billion tax cut and other programs recommended to Congress are "but a beginning." Standing alone, the labor leader warned, "they cannot

bring us full employment or eliminate poverty" but "must be supplemented by additional steps as rapidly as possible."

Meany's observations were essentially confirmed by the findings of the President's own Council of Economic Advisers. As relayed to Congress by Johnson, the Council believes that the tax cut stimulus and hoped-for price reductions in industries experiencing above-average productivity rises would produce a five percent rise in real gross national product during 1964. Despite this, it estimates that five out of every hundred workers will still be jobless at the end of the year.

Due to the delay in its passage by the Senate, President Johnson

(Continued on Page 3)

Davis-Bacon Amendment Passes House Floor Vote

The long delayed fringe benefits amendment to the Davis-Bacon Act passed a major hurdle this week when it won approval of the House of Representatives. The bill now moves on to the Senate where no action has as yet been taken on the measure.

This bill, H. R. 6041 (Roosevelt), would require that the cash value of fringe benefits must be included in government determinations of area "prevailing wages" payable on construction financed with federal funds.



THOS. L. PITTS
Executive
Secretary-Treasurer

Weekly News Letter

Vol. 6—No. 5
Jan. 31, 1964

Published by California Labor Federation, AFL-CIO



Pitts Urges Consumer Sovereignty in Credit Market Via 'Truth-In-Lending' Act

The standard interest rates charged for credit in California are "outrageous" but even more disturbing is the fact that society sanctions concealing the true rates from the consumer through a variety of misleading methods of computing credit charges, State AFL-CIO leader Thos. L. Pitts declared last week in Los Angeles before the Assembly Interim Committee on Finance and Insurance.

The testimony of the California Labor Federation's secretary-treasurer was given in support of the "truth-in-lending" bill (AB 2288) submitted into the 1963 legislative hopper by Assemblyman Charles Warren (D., Los Angeles).

Referred to interim study by the legislature, the Warren proposal would extend minimum protections

(Continued on Page 2)

Restrictions on Employer Use of Lie Detectors Clarified

Employees in non-government jobs don't have to take lie detector tests requested by employers but, if they do so voluntarily and the employer doesn't like the results, they may be fired despite a new law enacted by the 1963 legislature.

That's the gist of a ruling concerning Labor Code Section 432.2 issued last week by the State Attorney General's office at the request of Assemblyman Robert E. Badham (R., Costa Mesa), a wholesale hardware executive.

But if an employee is dismissed without any other apparent reason shortly after he refused to take such a test, the new law might afford him some realistic protection. In such an event, the ruling indicated, it could well be held that the section had been violated because "a demand rather than a request had actually been made."

As originally written, the bill (AB 927-Knox) banned employers from demanding, requiring, requesting or permitting employees or job applicants to submit to lie detector tests. But before its release by the Assembly committee, the bill was seriously weakened by an amendment deleting the prohibition against requesting employees or job applicants to submit to such tests.

The opinion tempers the optimism expressed by Governor Brown

(Continued on Page 2)

Pitts Urges Consumer Sovereignty in Credit Market Via 'Truth-in-Lending' Act

(Continued from Page 1)

to consumers who borrow or buy on the installment plan. This would be achieved by requiring the full disclosure of credit costs in dollars and cents terms and by compelling lenders to clearly set forth the true annual interest rate on the outstanding unpaid balance.

Aside from their obvious impact upon consumers, interest rates approaching usury go far toward "undermining the very base of our private enterprise economy" by reducing competition and frustrating the development of policies to bridge the current \$60 billion gap between purchasing power and the nation's productive capacity, Pitts pointed out.

While recognizing the "vital role which credit plays when used wisely in facilitating the achievement of higher living standards," the Federation spokesman warned that "deceit in lending does as much violence to the exercise of 'consumer sovereignty' in the marketplace as other manipulative practices that are tolerated in advertising, packaging and the designation of weights and measures . . ."

Thirty Percent Interest

Current data pointing up the dimensions of labor's concern were provided by Consumer Counsel Helen Nelson who delivered Governor Edmund G. Brown's statement to the interim committee. Mrs. Nelson observed that 99 percent of the \$690 million in consumer loans made by finance companies in California during 1962 called for the highest rates legally permissible—"30 percent per year for the first \$200 of the loan, 24 percent for the amount between \$200-500, and 10 percent for amounts over \$500."

Pegging total installment debt at well over \$1 billion for the families of California union members, Pitts stated that "a drop of three percentage points on the average would increase purchasing power among trade union families alone by \$30 million a year."

Noting that the "average family has obligated about 13 percent of its after-tax income for installment payments," the AFL-CIO leader reminded the legislators that "automobile purchases and the cost of financing them exceed the cost of housing for most families." With three-fourths of such purchases taking place on the installment plan or through

personal loans, Pitts pointed to the dangers inherent in state laws permitting deceptively labeled credit arrangements which camouflage exorbitant interest charges.

"A uniform method of disclosure of true interest charges," Pitts concluded, "will enable consumers to effectively shop around for credit" and the resulting competition would "significantly reduce the overall level of interest charges."

These potential savings were brought home forcefully by Dr. Richard L. D. Morse, a member of the President's Consumer Advisory Council, who cited the findings of a Bay Area study of 105 families buying cars on credit:

"Those who shopped for credit for used cars paid a median rate of 12 percent, compared with 22.3 percent paid by those who had not shopped."

In reporting that 50 percent of all families have installment debts, Consumer Counsel Nelson commented:

"Too often, the consumer seeking credit needs a detective's persistence and a mathematician's skill to determine what the actual finance rate is. The traditional way of stating the price of credit is in terms of the annual rate. This is the custom in business and in home mortgages. . . . The consumer certainly has the right to the same form of information that business and industry expect as a matter of course."

The Governor's consumer spokesman ended her plea for legislation along the lines of the Warren bill with the observation:

"Government . . . must do for the people what they cannot do for themselves, and must in this case provide the rules of fair play between credit extender and credit user."

Opposition to the Warren bill came primarily from the California Retailers Association, along with a broad assortment of bank and finance company spokesmen. Although conceding that the simple interest concept is utilized in their own relationships, they held to the ridiculous claim that it was impossible to provide consumers with similar information. Their testimony made abundantly clear their desire for legislative recommendations designed merely to accommodate all the devious devices that have been developed to obscure the true cost of credit.

Rat Maze

Dr. Morse, head of Kansas State University's family economics department, identified some of the terms used to hide the actual rate of consumer interest: add-ons, rule of 78's, amortization, finance charges, carrying charges, service charges, time-price differential, and percent on original balance. He commented:

"Our markets, like some rat mazes,

Restrictions on Lie Detector Use

(Continued from Page 1)

last July following the measure's approval by the legislature:

"The use of lie detectors by private individuals raises grave questions in traditional employer-employee relationships. They are not entirely accurate in themselves and, in the hands of an inexperienced person, they could often lead to fallacious findings. I am happy to sign this bill which will end this practice in California."

The Governor's observations about the hazards of indiscriminate use of lie detectors, however, remained valid.

seem designed to induce frustration and result in resignation on the part of the consumers to their fate . . . This process of 'commercial mesmerization' is designed to soften and comfort the consumer. It fails to excite thought or dignify price comparison shopping. Yet this is the consumers' role and responsibility, and our economy relies upon them to act wisely and intelligently.

"Specifically, I think it wasteful for our public schools to teach about rates of interest and then for students to discover that interest rates, as they learned them in school, do not apply to car financing and many other consumer credit situations."

The central importance of the consumer credit issue to the economy's health was clarified by Dr. Morse's analysis of the nation's \$1.096 trillion public and private indebtedness last year. At \$381 billion, individual and non-corporate debt exceeded the \$372 billion level of corporate debt as well as the remaining \$343 billion combined indebtedness of federal, state and local governments.

Short and intermediate term consumer credit alone accounted for \$70 billion, almost a third of which was in the form of "automobile paper." Furthermore, the 8-36 percent cost of servicing consumer installment debt stood in glaring contrast to the 3-4 percent interest involved in governmental indebtedness.

Just as startling was Dr. Morse's observation that during the past 11 years, individual and non-corporate debt had risen by 180 percent compared to increases of only 38 percent for government and 21 percent for corporate indebtedness.

Having thus highlighted the pressing need for strengthening consumer ability to make wise decisions, Morse observed:

"The effect of these decisions, since they concern the largest and fastest growing debt in the nation, is of greater economic importance in the economy than the growth in the federal debt."

San Jose Area of 'Substantial Unemployment'

The U.S. Labor Department last week designated San Jose, California as the newest major addition to the list of areas eligible for assistance under the Public Works Acceleration Act.

Such designations are made on the basis of area labor market reports submitted to the Department's Bureau of Employment Security by affiliated state employment security agencies.

With the addition of San Jose to this group, a total of 317 areas have been declared eligible for aid under this program by Labor Secretary W. Willard Wirtz on the basis of its classification as a "substantial unemployment" area. This classification applies to labor market areas with jobless rates ranging from 6.0 to 8.9 percent of the labor force.

Federal Youth Manpower Programs Consolidated

Consolidation of all the U.S. Department of Labor manpower programs for young people under the Manpower Administration has been announced by Secretary of Labor W. Willard Wirtz.

A simultaneous action by Wirtz was the appointment of Samuel V. Merrick as the Department's Assistant Manpower Administrator for Youth Programs. Merrick, a veteran civil servant in the labor field, will coordinate and supervise all youth manpower programs of the Department's various bureaus and offices. Wirtz stated:

"This consolidation will eliminate duplication of effort and the overlapping of programs. It will allow the Department to focus better all of its youth activities on the problems facing our young people today."

Mental Health Award Program Set

The fourth annual Mental Health-Retardation Awards Banquet, sponsored by the California Labor Federation, AFL-CIO and other statewide organizations, has been announced for April 10 in Los Angeles.

The program will feature award presentations by Governor Edmund G. Brown recognizing outstanding voluntary service in behalf of the mentally ill and retarded by persons and organizations who are not primarily engaged in such work. The banquet will also serve as an educational forum for the public in this major problem area.

Final plans and arrangements will be completed within a few weeks. Those wishing to be placed on the invitation list should write to the Mental Health-Retardation Awards Banquet, c/o Los Angeles County Association for Mental Health, 247 North Western Avenue, Los Angeles 4, California.

Meany Urges Economic Programs Beyond President Johnson's Minimum Proposals

(Continued from Page 1)

proposed that the individual withholding rate be reduced to 14 percent rather than the 15 percent now called for in the House-approved bill. If adopted, this would move \$2 billion into the economy this year instead of in 1965. Treasury sources have indicated that the reduced withholding could be put into effect by March 1.

The tax cut, although heavily weighted in favor of corporations and the wealthy, is viewed by the President as his pivotal program for shifting economic policy from an emphasis on expanded federal spending towards stronger consumer demand and private capital investment.

Pegging his fiscal 1965 budget at \$97.9 billion, down somewhat from this year's anticipated total expenditures, President Johnson asserted that it "provides more funds than ever before in our history" for the fuller development of the nation's people through improved education, housing, manpower and employment opportunities for youth. Increased spending for human needs, the President noted, has been made possible largely by cutbacks in such areas as defense and agriculture.

War On Poverty

Although the specifics of his widely publicized "war on poverty" are still to be elaborated, Johnson made it clear they hinged largely on educational programs aimed at increasing young people's skills and job opportunities. Half the \$500 million requested for these purposes would be spent in fiscal 1965. Other programs related to this campaign elicited an identical appropriation recommendation from the President.

Other constructive legislative en-

actments sought by the President, although unnecessarily modest in their approach, were as follows:

- * A high-level commission on automation.

- * A Cabinet-level Department of Housing and Community Development.

- * Improved UI coverage and benefits.

- * Higher overtime penalty rates in appropriate industries via tripartite commission procedures.

- * FLSA extension to 2.5 million more workers.

- * Hospital insurance for the aged under social security.

- * Area redevelopment program extension.

- * Building 200,000 more public housing units by 1968.

- * Increasing direct loan funds for aged housing by 50 percent.

- * A domestic "Peace Corps" for community welfare and work projects.

- * Recreation facility grants to states.

- * Wage improvements for federal employees.

- * Hill-Burton hospital construction act extension.

- * Peace Corps enlargement.

AFL-CIO Proposals

One of the leading disappointments in Johnson's messages was his opposition to the 35-hour work-week on the grounds that this would "redistribute work, not expand it." Another disquieting development was the budget message's failure to recommend extension of the \$900 million accelerated public works program enacted in 1962.

Meany indicated that the additional programs that must be pressed for adoption include greater public works outlays, reduced working hours, double time for overtime work, and the development of broad "procedures to adjust our society to the dislocations of rapid technological changes."

The AFL-CIO spokesman also listed "substantial improvements" in wages, fringes and job security as part of the needed objectives that are "clearly desirable for a balanced economy and attainable through collective bargaining" in view of the anticipated continuation of sharp increases in profits as well as productivity.

Bakersfield Site for Farm Labor Conference

(Continued from Page 1)

"Reality, Responsibility and Respect—The 3 R's of the Farm Community."

Aside from the opening and closing plenary sessions, the bulk of the conference's work will take place in specialized panel sessions, each dealing with one of the following subject areas: employment, housing, education, health, welfare and community development.

AFL-CIO Denounces Lies Regarding Civil Rights Bill Impact on Seniority

Segregationist propaganda attacking the equal employment opportunities section of the pending omnibus civil rights bill as destructive of union seniority rights has been circulated recently in labor circles by the Coordinating Committee for Fundamental American Freedoms.

In response, AFL-CIO Legislative Director Andrew J. Biemiller released a memorandum last week which he said "thoroughly demolishes this lie."

Biemiller emphasized the fact that "the AFL-CIO wholeheartedly endorses the civil rights bill, H. R. 7152" and urged that the fullest support from its membership be communicated to U. S. Representatives and Senators.

The full text of the AFL-CIO's memorandum on this subject follows:

John Satterfield, who has been described as the "brains" of the segregationist lobby group masterminding the battle against the civil rights bill, apparently wants to give the impression he is alarmed about what he suggests is "the adverse effect the bill will have on labor-union membership." To back up his views, he has recently circulated the arguments of the bill's foes on the House Judiciary Committee, who claim that the proposed legislation would endanger seniority in referral systems and job rights.

Mr. Satterfield, a resident of Yazoo City, Mississippi, is not known to the AFL-CIO as a champion of American labor. His previous endeavors, indeed, seem directed along other lines. Ten years ago, for example, his name appeared as president of the Circuit Riders, Inc., a group fighting "Socialism and Communism and all other anti-American teachings in the Methodist Church."

If Mr. Satterfield has now become genuinely disturbed about impediments to union membership, the AFL-CIO invites him to join it in the fight against

such real anti-labor measures as state right-to-work laws. Certainly his present campaign to derail long-overdue civil rights legislation does nothing to serve the cause of good unionism.

The portion of the pending bill dealing with employment makes it unlawful for an employer or a union to discriminate in hiring or employment because of an individual's race, color, or creed. A federal commission is created to enforce these provisions. The ban on job discrimination would not become effective until one year after the bill's passage, so all parties would have a chance to correct any improper practices. Seniority rights already acquired would not be affected.

Criticisms leveled by the House Judiciary dissenters, and quoted by Mr. Satterfield, are either grave distortions or outright misinterpretations of the civil rights proposal. Thus it is argued that under the bill, if a hiring hall had "20 men awaiting call, the first ten in seniority being white," the union "could be forced to pass them over" in favor of applicants of lesser seniority "but of the stipulated race." This insinuates a kind of racial discrimination in reverse, which is totally at odds with the provisions of the bill. A hiring hall operating on a nondiscriminatory basis would simply not be placed in the position imagined by the civil rights opponents.

Similarly, it is contended that "contractors could be forced to actively recruit employees of a specified race and upgrade them into skilled classifications, although this would displace union members in the skilled trades." As we read the bill, no such displacement would ever be demanded of a contractor who operates non-discriminately after the effective date of the act. And, as previously indicated, no existing seniority would be touched.

What Mr. Satterfield is arguing for is the "right" of white workers to continue in the future to acquire seniority at the expense of their colored fellows. The AFL-CIO, on behalf of American labor, rejects the shabby notion that the honor and value of seniority status should be given to a man, not on the basis of time on a job, but on the basis of the color of his skin.

Fact Sheets on Tax Cut and Civil Rights

AFL-CIO's 1964 Fact Sheets on the civil rights and tax bills have been rushed into print since congressional action is expected shortly.

To assure maximum distribution to union leaders and members, the Federation will be happy to forward these upon request.

What Mr. Satterfield conveniently fails to mention is that right now federal law, as declared by the Supreme Court, requires unions to represent all employees fairly and impartially, without regard to race or color. Furthermore, at its November 1963 Convention, the AFL-CIO formally called upon all affiliates "to seek the inclusion of effective anti-discrimination clauses in all collective bargaining agreements."

In short, the proposed legislation would not alter a union's present substantive obligations under federal law and Federation policy. It would simply provide a meaningful administrative remedy for an injured employee. Moreover, a highly significant point is omitted entirely in the Satterfield critique. The pending bill would forbid racial discrimination on the part of employers whether they were organized or not. At present, federal law reaches racial discrimination in employment only where a union is also involved. Obviously, this supplies a segregationist employer with a special incentive for keeping out a union. Under the proposed bill that special incentive would be abolished.

The fair employment practices provisions of the civil rights bill are moral imperatives. They take away nothing from the American worker which he has already acquired, and they will never keep him from anything to which he has a just claim. They simply impose on employer and union alike a set of duties that the overwhelming majority of American labor organizations has voluntarily approved.

The AFL-CIO considers itself in a far better position than Mr. John Satterfield to judge what is in the best interest of American unions. The AFL-CIO fully endorses the civil rights bill and the fair employment practices provisions it contains.

California Labor Federation
995 Market Street
San Francisco 3, Calif.

Published Weekly
2nd Class Postage
PAID
at San Francisco, Cal.

RETURN REQUESTED

Industrial Relations Library