

Corporate Profits Soar Nearly 50% In Just 3 Years

Corporate profits after taxes in the United States are nearly 50 percent higher than they were just three years ago, according to a report by the Council of Economic Advisors.

The estimate, supplied by the Commerce Department, set the annual rate of corporate profits in the nation at \$56 billion before taxes and \$31.1 billion after taxes in the first quarter of this year.

In 1961 profits after taxes totaled only \$21.8 billion, indicating a rise of nearly 50 percent since then.

Just between the final quarter of last year when the annual rate was \$28.6 billion and the first quarter of this year, corporate profits jumped nine percent.

The General Motors Corporation chalked up the largest quarterly profits ever achieved by an American corporation, \$536 million, in the first quarter of this year, representing a whopping 29 percent increase over the comparable quarter last year.

Economists attribute the scorching upward trend of profits to the stability in wholesale prices and, according to the New York Times, to "an unusually small upward movement of consumer prices averaging about 1.3 percent a year."

So what is the outlook after nearly 39 months of uninterrupted expansion without recession? McGraw-Hill, a major business publisher, reported that a survey shows that U.S. business as a whole expects to spend \$44 billion on new plants and equipment this year, 12 percent more than in 1963.

Of this, about 20 percent, or \$9 billion, will go for automated equipment, 18 percent more than was spent to spur automation last year.

AFL-CIO Warns of Imbalance in Economy --Urges Action on Civil Rights and Jobs

"A distinct and dangerous lack of balance in the economy" is becoming increasingly evident as workers' buying power lags while business and industry become top-heavy with "booming profits, soaring dividends and capital gains," the AFL-CIO Executive Council declared last week during a three-day meeting in Washington. In the course of its meeting the Council also:

500,000 Assured Pay Hikes in 1964

More than 500,000 union workers in California will get wage increases this year as a result of major collective bargaining agreements reached in 1963 and earlier years, James B. Webb, State Director of Industrial Relations, announced.

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Budget, Tidelands, School Bonds OK'd As Solons End Longest Special Session

The state's long-deadlocked legislature finally reached agreement on Governor Edmund G. Brown's \$3.6 billion budget and the Long Beach tidelands oil dispute as well as on a number of other issues and adjourned its 92 day session—the longest special session in the state's history—last Saturday afternoon. But its accomplishments left much to be desired.

One of the lawmakers final actions included placement of a \$260 million school construction bond issue (AB 120) on the November ballot, but efforts to plug a tax loophole that unjustly enriches some insurance companies at the expense of the general taxpayer died in committee as did measures to create an Office of Housing and an Office of Economic Development, both of which were requested by the Governor to meet the needs of the state's rapidly expanding population.

Other public-interest legislation that fell by the wayside included a county-wide school tax which Governor Brown has long sought to require

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Pitts Urges All to Help Get Out The Vote on Tuesday

State AFL-CIO leader Thos. L. Pitts appealed to COPE workers and union members throughout the state this week to exert every effort to get out the vote for the June 2 primary election next Tuesday.

"Just a few hours of coordinated and concentrated work on election day can transform defeat into victory not only for our endorsed candidates but for scores of major legislative measures at both the state and national levels which are vital to the general public's health, education and welfare during the two years immediately before us," he said.

"I'm sure I needn't remind you that the peoples' real victory at the polls is not scored on election day but is tallied during the terms of the representatives they select. In the final analysis, the determination of whether social security benefits and minimum wage standards shall be increased and bold programs to cope with automation and unemployment enacted is decided by the caliber of representatives the voters actually get out and vote for.

"In selecting Alan Cranston as organized labor's Democratic choice and Fred Hall as our Republican choice for the U.S. Senatorial nominations, California union members have selected the only candidates on each ticket with any experience as elected officials at the state level and the only two whose actions in office have demonstrated a sincere and

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highly assessed school districts to help support poorer districts within the same county and a measure to permit school districts to approve bond issues by a 60 instead of a 66½ percent vote.

And while the legislators finally went along with the Governor's request to create a State Office of Tourism (AB 27), they provided no funds to operate it.

Other important issues acted on earlier included a major \$170 million school financing measure (see News Letter May 22, 1964); a \$360 million state building bond issue to be placed before the voters in November; and state personal income tax cuts for 1.1 million persons (SB 30), completely eliminating payment of any state income tax for 120,000 Californians in the lowest income bracket.

Also approved in the closing hours of the session were measures to control billboards along federally supported highways and to increase the veteran's farm loan limitation from \$40,000 to \$80,000.

The state's new \$3,653,609,452 budget, nearly \$19 million less than the Administration requested in April, is expected to leave a \$12 million surplus in the State's General Fund on June 30, 1965.

Major items deleted included \$14.8 million for two new state buildings and \$10,123,000 for a central heating and air conditioning plant in Sacramento and \$7.1 million from the Social Welfare Department's budget.

However, language was inserted in the budget to permit state officials to proceed on the office buildings and heating plant projects once a feasibility study on the utility plant is completed.

The budget is understood to still contain the anti-public power amendment restricting the Department of Water Resources from building power transmission lines. The Department is prohibited from building such facilities until a study of alternate methods has been made.

Completely lopped out of the budget was a proposed small increase in the inadequate budget of the State's Consumer Counsel, an agency which Gov. Brown has described as "the best investment Californians have ever made."

The Long Beach tidelands oil settlement revises the present 50-50 percent split to provide that 85 percent of the net revenues are to go to the state and 15 percent to the city, with the city's

share limited to a total of \$250 million during the next 35 years.

The principal objection to the bill as approved is that it sets up provisions for dividing the oil field so that one company or combine could get control of about 80 percent of the field, while 5 other bidders would share in the remaining 20 percent. The Long Beach tidelands are considered to contain the largest known oil reserve in the western hemisphere. Conservative estimates place the potential revenues to be derived from it at \$2.5 to \$3 billion.

Opponents of the tidelands bill (SB 60), which passed the Senate on a 27-13 vote and the Assembly on a 68-3 roll call, maintain that the measure will create a monopoly situation in the oil market in California.

The billboard control measure (SB 44) would restrict billboards only on the inter-state highway system. The measure, introduced by Senator Randolph Collier, will qualify California for a \$9 million federal highway construction bonus. Assemblyman Edwin L. Z'berg, who had earlier introduced a stronger bill, indicated that a move would be made in the future to extend the bill's coverage to the entire highway system.

Also approved was a measure increasing minimum salaries for teachers (AB 69-Gaffney) from \$4500 to \$5000.

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abiding concern for the public's welfare," Pitts declared.

"Similarly, COPE endorsed candidates for congressional, state senate and state assembly district offices urgently need help next Tuesday.

"The time you give them can pay handsome dividends in the future in terms of better benefits for on-the-job injuries, better education facilities for our children and health care for our parents, for example.

"But beyond this positive choice," Pitts added, "there's a negative choice--the choice between political bossism on one ticket and right-wing extremists on the other.

"That's why it's essential that we get out the vote in this primary as it's never been gotten out before," Pitts concluded.

Child Labor's Still Being Exploited In California

The exploitation of child labor has been outlawed in most sectors of the economy since the turn of the century but it still exists in California agriculture.

In fact, agriculture is exempt from most of the child labor laws that apply to urban industries.

But with mechanization and automation steadily eliminating farm jobs, federal labor officials are striving to minimize it and to enable more of the state's farm youth to complete at least a high school education.

Their efforts are reflected in the fact that 329 California farmers last year were found to be violating a law prohibiting children under 16 from working on farms while school was in session.

In a plea to farm youths themselves, Frank J. Muench, regional director of the U. S. Labor Department's Wage and Hour Division, pointed out:

"A high school education is practically a necessity these days when there are fewer and fewer job opportunities for unskilled labor."

At present, state and federal laws prohibit the employment of children under 12 on farm work of any kind at any time but permit children 12 to 16 to be worked after school hours, on weekends or holidays as well as when school is not in session. But even this law does not extend to children who work exclusively on their parents' farms.

Moreover the section of the Fair Labor Standards Act banning the employment of children 12 to 16 in agriculture when school is in session in the district applies only to employment in interstate commerce or in the production of goods for interstate commerce.

However, Muench explained:

"This means the law's child-labor provisions are applicable to farmers who ship products, or have reason to believe that their products will be shipped into other states." It also applies to farmers who supply canneries that ship canned goods out of the state, he added.

On a national basis, officials disclosed that there were some 4,000 cases in which federal authorities found children under 16 working on farms when they should have been in school. More than half of the youths were "in grades below normal for their ages" the investigators said.

Seminar Set on Automation at UCLA June 4

A West Coast seminar on automation and technological change will be held at the University of California at Los Angeles next Thursday, June 4.

The seminar, one of three scheduled by the President's Advisory Committee on Labor-Management policy, will explore the following three central propositions:

1—That technological progress is essential to the general welfare, economic growth and defense of this nation.

2—That technological progress must be achieved without the sacrifice of human values.

3—That such an achievement depends upon a combination of private and government action consonant with the principles of a free society.

The theme of the one day meeting will be "Private Adjustments to Automation and Technological Change." The seminar will open with a brief survey of the current situation and then split up in small workshops to examine experiences and reactions to various private adjustment techniques. The full seminar will be reassembled at the close of the day to hear reports of the workshop chairmen. Ben Aaron, director of the Institute of Industrial Relations at UCLA, will be the host of the seminar.

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Director of Industrial Relations, has disclosed.

The increases scheduled in 1964 amount to 12.2 cents an hour or higher for half the workers, and range from eight to 20.5 cents for the middle 50 per cent.

The data is contained in the annual report prepared by the Department's Division of Labor Statistics and Research entitled Wage Settlements, California Union Agreements, 1963. The report lists the wage increases scheduled to take effect this year in 194 major California union contracts.

The report also presents the results of 163 major wage negotiations last year. The negotiations resulted in wage increases in the first contract year in 145 or 89 per cent of last year's contract settlements which covered 288,500 union workers. The median increase was 9.4 cents an hour, with the middle half of the workers receiving raises ranging from 7.7 cents to 13.4 cents an hour.

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price and profit restraints" are "neither workable nor equitable."

- Urged passage of the Administration's housing and community development bill.

In a policy statement on the nation's economy, the council pointed out that "in the face of rapid increases in both productivity and the labor force, the rise of sales and production has not been great enough to create the employment opportunities needed to reduce joblessness . . .

"Automation is continuing to spread—reducing manpower requirements in many white collar occupations as well as in production and maintenance types of employment. And the labor force is growing rapidly, with the influx of young people seeking their first jobs."

Noting that this "lack of balance in the economy has been growing for many years," the Executive Council declared that "America sorely requires special efforts to lift the wages and working conditions of the lowest-paid workers, through extended coverage of the Fair Labor Standards Act and an increase in the minimum wage to \$2 an hour."

Idle manpower and productive capacity, the Council said, "should be put to work to improve America's public services through increased public works programs.

The job-creating accelerated public works program should be extended with a \$2 billion federal appropriation to increase employment, the Council said. Instead, the program is currently being phased out.

A substantially augmented public works program, the Council said, could generate "the more than four million new job opportunities needed each year . . . to reduce unemployment to a minimum and keep it there. Only in this way can the American economy be assured of the stability and strength it must have if the nation is to fulfill its obligations at home and around the world," the Council declared.

In answer to the President's Council of Economic Advisors' suggestion that a national wage formula be established, the Executive Council declared:

"There can be no single wage formula in a pluralistic economy." The concept that the national productivity rate is the only factor in collectively bargained wage levels ignores "other important, tangible factors such as the

cost of living, employer and industry profits, substandard wages and working conditions, and inequitable wage and fringe-benefit levels," the AFL-CIO pointed out.

Neither wage nor price curbs "are tolerable in a free society except in the gravest national emergency and then only when coupled with stringent restraints upon excess profits.

To put America back to work, the Council said, the nation must provide the consumer purchasing power "which is the base of our entire economic strength." To do this the wages, hours and working conditions must be advanced on a union-by-union, company-by-company and industry-by-industry basis in the light of the needs of the workers involved and the economic ability of the companies in the industry involved.

On the civil rights issue, the Executive Council appealed to the nation's senators to ask for a single cloture action to cover the entire bill and every pending amendment.

To seek separate cloture votes on each title of the bill, the Council said, "would only provide America with another 1000 hours of meaningless talk."

Noting that the nation's Negroes have been waiting a full century for the Emancipation Proclamation to be translated into equal citizenship" and 10 years for the equal educational opportunity the Supreme Court decreed in 1954, the Executive Council declared.

"Their patience — and ours — is exhausted."

In urging enactment of President Johnson's housing and community development bill, the Council pointed out that the measure "would serve a humanitarian purpose of providing decent homes for Americans and employment for workers."

The AFL-CIO-backed measure would expand the public housing program both through new construction and rehabilitation of older apartments purchased from private owners. Additional housing for the elderly would also be made available and a new program of federal assistance in the planned development of suburban communities would be initiated under its provisions.

A Jurist's View

"I could not pronounce it unwarranted if Congress should decide that to foster a strong union was for the best interest not only of the men but of the . . . country at large."—Justice Oliver Wendell Holmes.

Bay Carpenters Launch New Program To Teach Apprentices of Unions' Role

A liberal education in the history and principles of trade unions has just been added to the curricula for apprentice carpenters in four San Francisco Bay Area Counties.

The program, which got under way last month, is sponsored by the 15,000-member Bay Counties District Council of Carpenters which includes all local unions of carpenters in San Francisco, Alameda, San Mateo and Marin Counties.

The classes will cover the current programs and problems of organized labor, its history and traditions as well as material pertaining especially to the building trades and the brotherhoods of carpenters.

C. R. Bartalini, Secretary of the District Council, pointed out in announcing the new program that labor unions have long been concerned about the steady loss through death and retirement of the older, battle-tested members and their replacement by younger men who have little knowledge and appreciation of the labor movement.

"Our objective," he explained, "is to convey some inkling of what the labor movement is, give some idea of the

struggles and sacrifices in the past and provoke some thinking about current problems and issues.

"The new members coming in through our Apprenticeship Program are getting fine training in craft skills," he added, "but we hope that by a suitable program of trade union education, we can achieve the objective of bringing in a new generation of members who will become real union men as well as craftsmen."

Efforts are currently being made to make the course available to as many apprentices who are already in training as possible. In the future it will be a part of the required program for the district's apprentices.

CFT Chides CTA For Flip Flop on Key School Bill

The California Teachers Association, which opposed the \$170 million school financing measure (AB 145) enacted by the legislature last week, has reversed field and now calls the bill a "victory for the schools."

Moreover the CTA has decided to drop a proposed initiative which would have required the state, regardless of budgetary considerations, to boost state school aid by \$200 million.

That is sensible and all well and good, according to spokesmen for the California Federation of Teachers, AFL-CIO, but the CFT now wants to know what the CTA "plans to do with the hundreds of thousands of dollars collected from teachers to finance the initiative."

Unlike the CTA, the CFT has consistently favored an increase in state school aid linked to reforms such as reduction in class sizes and provisions to encourage school district unification. Such provisions are contained in AB 145.

In substantiating its charge that the CTA had actively opposed the measure they are now hailing, a CFT spokesman said:

"For instance, the CTA lobbyist appeared before the Assembly Ways and Means Committee in mid-April to urge defeat of the bill."

Senator Thomas R. Rees of Los Angeles confirmed the CFT statement that the CTA had done nothing to aid inclusion of a formula to reduce class size in the bill.

AMPAC To Pour In \$3 Million To Balk Medicare

Organized medicine's political action committees expect to pump about \$3 million into congressional races this year and their strategy is to concentrate on 77 marginal districts in which it's most likely to be most effective to thwart medicare legislation.

This means that liberal congressional candidates chosen as targets by the American Medical Political Action Committee (AMPAC) and its state level counterparts will have an average of almost \$40,000 aligned against them. The medicine men's targets, needless to say, will include any candidates who dare to favor medical care for the aged through social security.

The spending estimate is based on information indicating that AMPAC plans to spend \$500,000 through its national headquarters. Last year, following the 1962 election contests, AMPAC admitted that for every dollar it spent on the '62 elections, state and local groups spent five.

The doctors' drive, which fundamentally violates their hippocratic oath by denying needed medical attention to millions of the nation's elderly, is abetted by some of the nation's big drug companies. In 1962, for example, the company president and five vice presidents of the G. D. Searle Company as well as three other individuals who gave the same Chicago address as the Searle Company, kicked in \$3,750 to AMPAC. And the president of the Meade Johnson drug firm contributed another \$5,000.

Enough said?

The Union's Functions

"Those who would destroy or further limit the rights of organized labor—those who would cripple collective bargaining or prevent organization of the unorganized—do a disservice to the cause of democracy.

"Our labor unions are not narrow, self-seeking groups. They have raised wages, shortened hours and provided supplemental benefits. Through collective bargaining and grievance procedures they have brought justice and democracy to the shop floor. But their work goes beyond their own jobs, and even beyond our borders.

"Our unions have fought for aid to education, for better housing, for development of our national resources and for saving the family-sized farms. They have contributed funds and talent to improve our overseas relations."—**John F. Kennedy.**

Court Rejects 'R-T-W' Title As Misleading

Use of the phrase "right to work" on an initiative petition for a state constitutional amendment to ban the union shop in Oregon has been prohibited by the Oregon Supreme Court.

The State's high court agreed with the state AFL-CIO that description of the proposed measure as "right to work" was "false . . . misleading . . . and . . . prejudicial" because the measure does not "provide or guarantee any employment for anyone."

To eliminate the "misleading" description of the measure, the court rewrote the ballot title and directed that initiative petitions being circulated must describe the proposition as a "constitutional amendment prohibiting union security contracts."

Proposals to ban the union shop have been put to a referendum twice and twice defeated in the neighboring state of Washington but the issue has never reached the ballot stage in Oregon. Occasional attempts to get bills through the Oregon legislature to ban union security contracts have been defeated.