

## Rally To Kickoff Drive To Defeat Rail Prop. 17

The first of a number of major rallies to mobilize support to defeat Proposition No. 17, a scheme being promoted by powerful railroad interests in an attempt to do away with the state law that regulates the size of crews necessary to operate trains safely, will be held next Monday, July 20, at the Rodger Young Auditorium at 936 W. Washington Blvd., just off the Harbor and Santa Monica Freeways, in Los Angeles.

The rally, to start at 7:30 p.m., will feature film star Barry Sullivan as a special guest.

George Bodle, Regional Counsel for the Brotherhood of Railroad Trainmen, will be keynote speaker against the initiative which would also eliminate the right of the State Public Utilities Commission to represent the people against the railroad giants in determining necessary manpower for both public and train safety.

George W. Ballard, State Legislative representative of the Brotherhood of Railroad Trainmen, warned that:

"This initiative is backed not only by the railroad interests but also by the same type of promoters who attempted to push the so-called 'right-to-work' initiative on the people in 1958.

"We can't let them try to trick the people of California again. We must do everything possible to defeat Proposition 17 and our joint brotherhood memberships can start by attending the July 20 rally, getting the facts, learning what each can do, and picking up literature to distribute."

## PRESENT INEQUITIES SPELLED OUT

### Fed Asks Solons To Oppose More Taxes On Consumers at Hearing in San Jose

Steadfast opposition to "any and all measures designed to obtain increased (state) revenues through the imposition of additional consumer taxes that have a regressive impact on taxpayers is being urged by the California Labor Federation, AFL-CIO.

In testimony delivered to the Assembly Interim Committee on Revenue and Taxation at a hearing in San Jose on July 3, the State AFL-CIO's Research Director Don Vial, pointed out that California's present tax structure is dominated by consumer levies which "account for approximately 60 percent of total state revenue."

The dominance of the State sales tax and other excises in the State's tax structure represents "a serious breach" in the "ability to pay" principle on which equitable tax programs are based, the State AFL-CIO side said.

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## Goldwater's Nomination Seen as Spur To Labor's Drive To Defeat Extremists

Senator Barry Goldwater's nomination as the Republican Presidential candidate "will ignite sparks of political activity among unions unlike anything we have ever seen before," Albin J. Gruhn, president of the California Labor Federation, AFL-CIO, predicted this week.

Addressing some 300 delegates attending the 31st Annual National Convention of the American Newspaper Guild at the Lafayette Hotel in Long Beach, Gruhn noted that the Guild's official convention program laid particular emphasis on human rights and declared that this is as it should be because:

"Human rights and their relation to the freedom and dignity of every individual human being have been and must continue to be the foundation upon which the free trade union movement carries out its destiny in a society and world filled with turmoil due to those who practice bigotry and

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## Deadline Nears For Action To Bar Leaky Water Pact

"Unless Congress acts within the next few days a proposed \$157 million San Luis Reclamation Project contract that subverts U.S. reclamation law and would provide large landholders with what Senator Gaylord Nelson (D-Wisconsin) last week termed an 'unconscionably large subsidy' will be tacitly approved," state AFL-CIO leader Thos. L. Pitts warned today.

At issue is the proposed Westlands Water District contract which calls for construction of a water distribution system on the west side of the San Joaquin Valley without first requiring many of the District's largest landholders to sign recordable contracts agreeing to abide by the provisions of U.S. Reclamation law.

The deadline for Congressional rejection of the contract is July 23.

In a wire dispatched to President Lyndon B. Johnson at Pitts' direction last week but just made public today, Pitts declared:

"Hearings of U.S. Senate Subcommittee on Irrigation and Reclamation July 8 completely exposed Westlands contract regarding distribution facilities in federal service area of San Luis project. It this contract is allowed to stand it will spell the end under your Administration of anti-monopoly enforcement in water development.

"Secretary of Interior Udall's approval of Westlands contract makes a mockery of your war on poverty in

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## State, U.S. Jobless Rates Rise in June

Forty-eight thousand more Californians were unemployed last month than a month earlier and joblessness in the nation as a whole increased by 1.1 million, about 800,000 of which was attributed to teenagers seeking jobs.

The state's seasonally adjusted jobless rate climbed back up to six percent, one tenth of one percentage point higher than in May and the same as in June of

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# Fed Asks Solons To Oppose More Taxes on Consumers

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To begin to correct this imbalance which "places too much of a tax burden on low income groups and too little on high income groups," the State labor organization suggested that the State could tap wealthy individuals and corporations for a larger share of the State's revenue needs without "extracting unreasonable amounts" from them because the federal government gives them the privilege of deducting State and local taxes before figuring their federal tax.

Likewise the tax credit afforded by the federal government in connection with gift, inheritance and estate taxes, which "gives even greater protection than deductibility," provides the State with an opportunity to increase State taxes on gifts, inheritances and estates without imposing any severe hardship on those taxed, Vial pointed out.

## INEQUITIES DOCUMENTED

To document the inequities existing under the State's present tax structure, the State labor representative cited a study issued in October, 1958, by William H. Hickman, a Sacramento State College professor, entitled "Distribution of the Burden of California Sales and Other Excise Taxes."

The study showed, the State AFL-CIO spokesman said, "that all consumer taxes collected by the State Board of Equalization impose a burden that is 18 percent greater on the income class of less than \$1,000 than on the income class of more than \$10,000.

"The addition of a cigaret tax in 1959 which was not included in the Hickman study would tend to accentuate these findings," he pointed out.

**The study also indicates that in the case of retail sales and use taxes, the very low income groups are "presently saddled with a tax burden that is a full 30 percent greater than the burden on families of over \$10,000 net income," he asserted.**

Moreover, if the study were extended to include income classes up to \$50,000 and \$100,00 a year, the labor representative said, "it would prove our contention that low income groups are being forced to pay an effective tax rate under our present sales tax that is greater by 100 percent or more than that paid by the wealthy."

## REVERSE IS TRUE

While wealthy individuals and corporation lawyers generally argue that progressive taxation at the state and local level "would confiscate the incomes of the high income group" the State AFL-CIO spokesman turned this old cannon around and pointed out that in actual fact it is the low income families "who are truly being subjected to confiscation under regressive state and local tax laws."

To place California's tax burden in

perspective, Vial cited a study produced by the State Department of Finance which determined that California ranks seventh among the nation's states in per capita state tax payments and 31st in tax payments per \$100 of personal income.

The study also pointed out that:

**"According to Census Bureau data, the increase in California's state tax burden between fiscal 1951 and fiscal 1962 was 6.1 percent. This compares with an all-state average of 26.3 percent, an industrial state average of 33.9 percent, and an increase of 47.2 percent in New York, where it can be reasoned, that, except for growth, the problems of state government are of a magnitude similar to those in California."**

These figures, the State AFL-CIO said, "refute completely the fiction that the State is on some kind of a spending orgy."

## POSITION EXPLAINED

But noting that organized labor has consistently pressed for increases in state expenditures to meet both the state's normal growth needs as well as its expanding needs for new socio-economic programs, the Federation spokesman emphasized that "the workers of this state are ready and willing to pay their fair share of the costs of government."

In labor's view, he explained, "taxes represent community purchasing power" and "it is the essence of democracy itself when society acts as a body through representative government to finance its community or social needs."

Labor recognizes, he said, that the State is presently confronted with "something of a fiscal crisis" and accepts the "inevitability of increasing state taxes and revenues."

But, he asserted, "growth needs should be handled on their merit and financing problems should be handled separately as a consideration of taxation in relation to the over-all revenue needs of the State.

## PHILOSOPHY REJECTED

"Labor rejects the penny-wise, pound-foolish philosophy of the economic royalists who would have us believe that the state must forego action on mounting social needs because of alleged exorbitant spending on the part of the state," he declared.

Recognizing that it is not politically feasible to hope "to scrap all the regressive taxes and substitute sufficient progressive new ones all at one time," the Federation's research director declared:

"We can hope, however, that the legislature will work slowly and persistently at two objectives: (1) Progressive taxes should be initiated or improved where they already exist; (2) at the same time we can begin to eliminate

the worst aspects, at least, of many of the regressive taxes, even if it will take a long time to completely end them. . . .

"Since all taxes ultimately must be paid out of someone's income, we are of the opinion that a much larger part of the revenue needs of the state should be raised in the first place from taxes imposed on the net incomes of individuals and the profits of corporations."

## PROGRESSIVE RATES URGED

Pointing out that California's franchise and corporation tax laws apply flat rates without regard to corporate size, the State AFL-CIO urged the application of progressive rates "so that the comparative disadvantages of small business concerns may be at least partially offset."

The Federation also suggested that the full tax credit allowed under the federal estate tax laws should be viewed not as a limit on our state inheritance levy but as an added incentive for the realization of the full potential of this revenue source.

Anticipating that business and industrial groups would claim that such proposals would ruin the state by creating "a bad business climate," the Federation spokesman cited a report by the Bureau of Business and Economic Research of the University of California which concluded, among other things, that:

**"Higher than average taxes, if coupled with better than average governmental services, beneficial to industry, may well encourage rather than discourage entry of firms."**

Vial also pointed out that states that have relied more heavily on income taxes than on sales taxes for their revenues have not found this harmful to their economic development. Comparing Oregon, which has for many years, employed an income tax that produces more than half of its revenues, with Washington, which has relied heavily on sales taxes, discloses that over the years personal income in Oregon has advanced significantly faster than in Washington. The same is true, he said, when Wisconsin and Illinois (income and sales tax states, respectively) are compared.

## ADVERSE EFFECT CITED

But the Federation spokesman emphasized that organized labor's opposition to taxes on consumption stems as much from their generally adverse impact on the economy as from their unfair impact on individuals.

Because of California's "heavy consumer tax orientation, the State tax structure inevitably falls short of producing revenues commensurate with our growth needs," he said.

As a result," Vial pointed out, the legislature must face the dismal task of increasing taxes or finding new sources of revenue—usually on an expediency

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## State, U.S. Jobless Rates Rise in June

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last year while the national rate rose from 5.1 to 5.3 percent.

The Department of Employment attributed the rising joblessness in California in June, which was 8,000 above year-ago figures, to continuing cutbacks in the aerospace industries and to the increasing numbers of young people reaching working age.

On the national level, however, the number of teenagers entering the labor force was about 140,000 less than expected on a seasonal basis and as a result the teen-age unemployment rate declined from 15.9 to 15 percent.

The major part of the increase in U.S. unemployment, Labor Department experts said, was among adult men whose jobless rate rose from 3.6 to 4 percent on a seasonally adjusted basis. This ran counter to estimates since no increase in unemployment among adult men had been expected in June. Joblessness in this group increased about 140,000 with half of the increase accounted for by the 20 to 24 year old group which includes recent college graduates.

The experts concluded that recent high school graduates had done better in finding jobs in June than they had been expected to and that college graduates had fared somewhat worse.

At 4.7 million, the nation's unemployment in June was about 150,000 below the level of June 1963 and civilian employment was about 1.6 million higher.

The nation's total labor force, at 7.9 million, was up 1.5 million, about 250,000 more than anticipated on the basis of population growth.

Long-term unemployment showed little improvement with 1,007,000 reported out of work in June for 15 weeks or longer compared with 1,016,000 in June, 1963. Both this year and last about half of this number had been out of work for more than half a year.

Although the nation's employment rose by 850,000 in June to 71,953,000 it was 400,000 less than expected on a seasonal basis.

In California civilian employment rose 78,000 between May and June to a high of 6,670,000 with more than one-half the jobs developing in trade and agriculture.

On a year-to-year basis, total job growth in California was 163,000 or 2.5 percent. The principal gains were in services, up to 48,000 and in trade and government, each of which were 44,000 above June 1963 levels.

The significant slow-down nationally in job growth in the non-farm sector in June came on the heels of a five-month period in which non-farm jobs rose by 1.6 million on a seasonally adjusted basis, the Labor Department said.

The tacit warning implied by this slow down was reinforced by figures showing a 450,000 over-the-month in-

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selfishness in their individual or organization's daily activities.

"Organized labor must be the bulwark to stem the tide of extremism that is endangering both our country and freedom-loving people throughout the world," he asserted.

Referring to Goldwater as "the darling of the radical right," Gruhn pointed out that the Arizona Senator not only voted against the civil rights bill but "is also a radical right-to-worker to boot."

Gruhn said the labor movement is confronted with the task of doing the same job on the radical right extremists in the current campaign as it did in stopping the Communists in years gone by, and in defeating Proposition No. 18, the so-called right-to-work initiative, in 1958.

### FAIR HOUSING AT ISSUE, TOO

Recalling the aid the labor movement received in its 1958 fight from its friends in the churches, the civil rights movement, government, business, and other civic groups, Gruhn declared:

"These same forces must also be mobilized in 1964 to defeat a notorious and vicious initiative (Proposition No. 14), proposed by the California Real Estate Association . . . which would not only repeal the Rumford Fair Housing Law . . . but would establish the right to discriminate, the right to segregate, in the fundamental area of housing which is one of the essential foundations of American family life for all Americans."

Paraphrasing the immortal words of the late President John F. Kennedy, Gruhn said the time has come for all trade unionists to confront themselves with this question:

**"Ask not what your union can do for you but what you can do for your union and what your union can do to strengthen the trade union movement as a whole."**

If this is done, Gruhn said he was confident that the labor movement would not only remain strong and free but would "be able to extend more of our energies to the job of bringing into the fold of the labor movement those millions of unorganized fellow workers whom we need and who need us."

### ACTION VITAL

The State AFL-CIO leader stressed the fact that an alert, informed and fighting labor movement is vital to

crease in non-farm workers forced on part time for economic reasons. The total of 2.5 million in this category was some 100,000 more than usual for this time of year.

overcome the unorganized worker's fears of reprisals by his employer if he joins the union. It is also vital to bring about the repeal of the right-to-work section (Article 14b) of the National Labor Relations Act which permits states to outlaw union shop agreements, he said.

Moreover, he pointed out, such an aroused labor movement "can more effectively meet the challenges of automation and technological change" and can also be more effective in "eventually wiping out the cancerous growths of bigotry and intolerance wherever they exist in our land."

William Farson, the Guild's executive vice president, told the delegates on the opening day of the convention on Monday that the Newspaper Guild is planning a civil rights program of its own aimed at increasing equal employment opportunities in the newspaper industry.

The Guild plans to set up a file of qualified reporters from minority groups to be made available to all newspapers, Farson explained. He also noted that while the trend toward fewer newspapers has apparently "at least slowed down considerably," newspaper ownership still "is more concentrated than ever."

Arthur Rosenstock, international president of the Guild, warned the delegates, however, that "monopoly operation of newspapers" is continuing and called for government action to slow or stop newspaper mergers wherever possible.

## Solons Asked To Oppose More Consumer Taxes

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or patch work basis—because the tax structure is not progressively geared to income so that the tax yield adequately reflects rising incomes.

In conclusion, the Federation spokesman urged the legislature to "turn toward a broader base and broader concepts of fair and equitable taxation for the benefit of the many and of the economy in general."

## Highlights of Unions' History In Free Labor Dept. Booklet

Outstanding events in U. S. labor history are summarized in a recently revised booklet now available from the U. S. Labor Department.

The 24-page booklet, "Important Events in American Labor History, 1778-1963," provides a chronology of major labor laws, the founding of unions and other significant labor developments.

Copies may be obtained free from the Office of Information, Publications, and Reports, U. S. Department of Labor, Washington, D. C. 20210.

# Deadline Nears For Action To Bar Water Pact That Perils U.S. Reclamation Law

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California's rich San Joaquin Valley. Making lands available for family farms requires full and effective enforcement of excess lands provision of reclamation law in federal water development projects undertaken directly or in cooperation in states.

"It is most urgent that your office look into the Westlands contract and the activities of the Department of Interior that are leading us down the road to abandonment of historic water development policies designed to protect the public against submersion of their political and economic rights by monopoly landholders."

The contract, described at a Washington hearing last week as the "greatest water rustling operation in the West," was brought to Congressional attention on March 7 by Pitts, Secretary-Treasurer of the California Labor Federation, AFL-CIO who subsequently appealed to the Senate Subcommittee for last week's hearing to expose loopholes in it.

National AFL-CIO legislative representatives as well as a delegation including California labor, church and farm representatives testified at the hearing. Their testimony asserted among other things, that the contract, as presently written, would unjustly enrich large corporations holding vast tracts of land in the area because it contains a clause referring to the delivery of percolating water as "unavoidable."

As Pitts had explained in a previous letter to the Committee, this clause would permit large landholders to receive the benefits of project water while remaining exempt from the anti-monopoly provisions of reclamation law. This is because once the water distribution system is constructed and the water starts to flow it would inevitably raise the water table in surrounding lands, he said.

Promoters of the contract attempted to discredit this view by claiming that a so-called impervious layer of diatomaceous clay, known as Corcoran Clay, would prevent this.

But in a wire dispatched to Rep. Frank E. Moss, Committee chairman, two days before last week's hearing, Pitts explained:

"This argument would make sense only to a person unfamiliar with the area. We have contacted Department of Interior geologists in Sacramento and they point out that Corcoran Clay 'leaks like a sieve' because the casing of two-thirds of existing wells is perforated above and below the clay. While the water above the clay is of poor quality its mixture with water below the clay makes it useable for irrigation."

Pitts emphasized that California La-

bor has long fully supported the project itself and is opposed only to the loopholes it presently contains. He pointed out that the provisions of the San Luis Act authorizing funds for distribution facilities specify that the Secretary of the Interior is to submit "a contract"—not a succession of contracts at various times—covering distribution facilities for various portions of the federal service area. Since the Westlands contract covers only a part of the federal service area, the contract is deficient and a properly drawn contract would involve a \$192 million job instead of just the \$157 million contemplated in the Westlands District proposition, he said.

The assertion that the contract represented the "greatest water rustling operation in the West" was made by the first witness to appear before the Subcommittee last Wednesday, George Ballis of Fresno who appeared before the Committee in his capacity as secretary of the Western Water Power Users Council, an organization of San Joaquin Valley farmers.

U.S. reclamation law bans delivery of federally subsidized water to more than 168 acres (320 for man and wife) unless holders of larger tracts of land sign recordable contract agreeing to sell their excess lands to eligible buyers within 10 years. During the 10 year period the landholders may receive subsidized water for their excess acreage and profit from its use.

The federal service area encompassed in the San Luis Project includes almost half a million acres of irrigable land, the great bulk of which is in large holdings.

The Southern Pacific Company alone owns about 120,000 acres in the federal service area and about 65,000 of SP's acres are within the Westlands District. (See Newsletter stories of May 15, June 12, and June 26 for earlier details.)

## New AFL-CIO Film Catalog Available

The newly revised AFL-CIO film catalog, "Films for Labor," is now available from the AFL-CIO Department of Education, 815 Sixteenth Street, N. W., Washington, D. C. 20006.

The catalog which includes descriptions of more than 300 films that rent for \$3 or \$7.50 per showing depending upon their length, is divided into 10 categories ranging from films on building unionism to entertainment films. Copies may be purchased for 45 cents each or for \$35 per hundred. The prices listed on the inside front cover of the new catalog are incorrect.

## Racial Barriers To Jobs Easing, State Survey Indicates

A breakdown by race of nearly 150,000 non-farm job placements by the State Employment Service during the first quarter of this year shows that at least 27.3 percent were members of minority races since total placements included 9.8 percent for whom there was no racial data.

Albert B. Tieburg, State Director of Employment, said results of the study reflect increasing willingness of employers to hire qualified members of minority groups and, therefore, augur greater employment opportunities for them.

Tieburg said that while comparable data from the past is not available to allow a precise statistical comparison, operating experience indicates that employers are responding to the Department's appeal to hire on vocational merit.

"This is demonstrated," he said, "by the strong indication that there is no significant difference in the rate of employer acceptance of persons referred among the various racial groups."

But, Tieburg added, the study also indicated the need "to bring up the educational and occupational skill levels of minority workers."

The study, made with the approval of the State Fair Employment Practices Commission, disclosed that 18 percent of those placed for whom racial data was available were Negroes and 7 percent Mexican-Americans.

The ratio of placements to referrals for professional and managerial occupations was better than average for both Negroes and Mexican-Americans. In skilled occupations, the placement ratio for Negroes was almost as good and for Mexican-Americans almost identical to other whites.

The occupational breakdown of all placements in the study indicated 22 percent were in clerical and sales occupations; 34 percent in service occupations; 16 percent in semi-skilled jobs; and 28 percent in unskilled jobs.

Among Negro placements, 45 percent were in service occupations, 35 percent in unskilled jobs, and nine percent in both semi-skilled and clerical and sales positions.

Among Mexican-Americans, 42 percent were placed in unskilled jobs, 27 percent in service occupations, 16 percent in semi-skilled occupations, and 10 percent in clerical and sales jobs.

The full story of the educational and skill handicaps confronting minority groups, Tieburg said, is underscored by the placements themselves. Of Negro job placements, 0.8 percent were in professional and managerial occupations compared with 0.6 percent of Mexican-American placements.