

## Indiana Washes 'Right to Work' Out of Its Hair

Indiana is no longer a so-called "right to work" state. After eight years' experience with what Governor Roger D. Branigin referred to as the "rancor and controversy" the statute inflicted on the state, both houses of the legislature voted overwhelmingly to repeal it and the Governor signed the bill last week.

The repeal measure, which won the State Senate's approval by a vote of 38 to 12 and the House by a vote of 74 to 22, contained an emergency clause that made it law immediately following the Governor's signature.

Its passage means that for the first time since 1957, workers and employers in Indiana again have the right to negotiate union shops in their contracts.

AFL-CIO President George Meany cited Indiana's action as "a heartening portent of things to come" and said he was confident "that Congress will follow the Indiana example," by repealing Section 14-B of the Taft-Hartley Act "which has made it possible for short-sighted anti-labor forces to saddle America with so-called 'right to work' laws."

The last prior repeal of a "right to work" statute was effected by Louisiana in 1956. Earlier such statutes were repealed in Delaware in 1949, Maine in 1948, and New Hampshire in 1947.

The action by Indiana also heightened hopes to repeal similar statutes or

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## Unions Add 48,000 Members To Score Biggest Gain in Years and Set Record

"California labor unions added 48,000 new members to their rolls in 1964 to score their largest annual membership gain in eight years," Ernest B. Webb, Director of the California Department of Industrial Relations, announced today. According to the mid-year count by the Department's Division of Labor Statistics and Research, 3,789 local unions

in the State had 1,824,100 members in July 1964. This was a new high, and the annual gain of 2.7 percent was not far from the 3.2 percent rise in nonfarm employment.

Unions picked up 42,700 new members in nonmanufacturing industries, where most of the 1963-64 gains were concentrated. Large rises occurred in construction, wholesale and retail trades, and government. Only two nonmanufacturing segments, the transportation and warehousing group and the motion picture production, theaters, and other entertainment group, had appreciable losses.

Membership in manufacturing in-

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## Western Labor Parley on Far East In S.F. March 11-12

A two-day Western States Labor Conference on International Affairs will be held in San Francisco next month "to broaden our understanding of critical international issues affecting the labor movement," state AFL-CIO leader Thos. L. Pitts announced today.

The conference, to be held Thursday and Friday, March 11-12 at the Del Webb TowneHouse, will be confined to Far Eastern affairs. It will open at 7:30 p.m. Thursday with a general session dealing

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## Budget Message Spells Out Tax Plans; Brown Backs Ability-to-Pay Principle

Governor Edmund G. Brown's \$40.2 billion state budget, which was submitted to the legislature last week and includes a \$244 million tax program, is expected to face its first hearings before the Senate Finance Committee shortly after George Washington's Birthday on February 22.

Although much of the commercial press stressed the record proportions of the budget, this is hardly remarkable in a state where the population is expanding by some 600,000 persons a year. More important is whether the Governor's tax proposals adhere to the ability-to-pay principle. Some do and these are the ones he favors.

As the Governor pointed out in his budget message:

"For every four people here when I was first sworn in as Governor (in 1959), there are now five, a popu-

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## All Committees In Assembly Named; DI Action Pending

With the appointment of Assembly committees and the expiration of the 30-day waiting period on consideration of non-urgency measures, the state's legislators settled down to go to work in earnest this week on the more than 1,000 bills already dropped in the hoppers of the two Houses.

Action on a stop-gap measure to assure the solvency of the state's Disability Insurance Fund is currently pending on the floor of the lower house following its approval last week by the Assembly Ways and Means Committee.

As an urgency measure, the bill (AB 241-Zenovich) requires a two-thirds vote for passage. This means it needs 54 votes. With the Assembly presently composed of 49 Democrats and 31 Republicans, at least 5 Republican votes will be needed to pass it.

The Assembly committee assignments contained no major surprises. Assemblyman Edward E. Elliott (D-L.A.) moved from chairman of the Industrial Relations Committee to chairman of the

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## Digest of Bills Starts Next Week

A digest of bills of principal concern to organized labor will begin in the next issue of the NEWS LETTER. It will be a continuing digest, from issue to issue, containing brief descriptions and an evaluation of all such bills introduced.

# Unions Add 48,000 Members To Score Biggest Gain in Years and Set Record

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creased by 5,300 despite a slight drop in employment. The canning, auto and paper products industries accounted for most of the manufacturing gain.

For the second year in a row, metals and machinery and aircraft and missiles had substantial membership drops.

## LOS ANGELES AREA

Between July 1963 and July 1964, union membership in Los Angeles and Orange counties increased by 19,300 and reached an all-time high of 802,900. The 12-month membership gain of 2.5 percent occurred while nonfarm employment rose 3.4 percent. Unions in non-manufacturing industries added 21,400 new members over the year, most of them in construction, wholesale and retail trade, and government.

Membership in manufacturing dropped by 2,100 primarily because of losses in metals and machinery. Increases in food and paper products made up for part of these declines.

## SAN FRANCISCO-OAKLAND

In the six-county San Francisco-Oakland area, encompassing Alameda, Contra Costa, Marin, San Francisco, San Mateo and Solano counties, unions had 480,900 members in mid-1964, a record high. The previous peak of 479,500 members was reached seven years earlier in 1957. The 1963-64 increase amounted to 12,100 or 2.6 percent, practically the same percentage rise as in nonfarm employment. Membership in the area has increased in each of the last three years following losses in three of the four years preceding 1962.

Most of last year's gain took place in nonmanufacturing industries where 10,000 new members were added. Construction, wholesale and retail trade, miscellaneous service industries, and government accounted for the majority of the rise. Transportation and warehousing had the only large loss.

In manufacturing, there was also an increase, but it was much smaller than in nonmanufacturing. Unions composed of factory workers had 2,000 more members in July 1964 than in July 1963, with automobile assembly plants accounting for most of the gain. Union membership in food and kindred products manufacturing decreased for the second consecutive year.

## SAN JOSE AREA

In the San Jose Area (Santa Clara County), union membership reached a record high of 84,800 in July 1964, 6,700 above the previous July total. This annual rise was the largest since membership was first estimated for the area in 1954. The 8.6 percent gain far outstripped the 4.6 percent rise in nonfarm employment during the year. The greatest union increases were in canning, construction, and wholesale and retail trade. In two industry groups, metals and

machinery and paper products manufacturing, membership declined.

## SAN DIEGO AREA

San Diego County had 73,200 union members in July 1964, down 1.7 percent from July 1963, a drop of 1,300 members. This was the fourth straight decline in the area but the decrease was much smaller this year. Between July 1963 and July 1964, employment in the area also declined slightly.

As in the preceding years, the sharpest drop was in aircraft and missile manufacturing where union membership fell 20 percent in the year ended July 1964. Employment in this industry declined 16 percent in the same period.

## Indiana Repeals 'Right to Work'

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amend them out of existence in Iowa, Wyoming, Utah and Tennessee.

On the other side of the fence, "right to work" promoters in New Mexico are reportedly pressuring hard to enact such a statute there. However, even if the legislature should support it, reports indicate the Governor may veto it.

Since Utah adopted the statute 10 years ago, becoming the 18th state to do so, only two other states have enacted it: Kansas in 1958 and Wyoming in 1963.

Following the national elections last November, the AFL-CIO Executive Council designated repeal of Section 14-B as its No. 1 legislative objective this year and President Johnson said in his State of the Union message that he would call on Congress to carry out the Democratic party's platform pledge to do so.

At the AFL-CIO National Legislative Conference in Washington last month, Vice President Hubert H. Humphrey predicted "fulfillment of that pledge."

Section 14-B stands almost alone in federal law in exempting states from the court-established principle that state laws cannot nullify federal legislation and jurisdiction.

## How Kuchel and Murphy Voted on Pollution Bill

The U. S. Senate last week overwhelmingly approved a water pollution control bill to provide \$80 million for research to find better methods of handling sewage after amending the measure to provide that patents resulting from any research grant under the bill shall be freely available to the general public.

Both of California's two Republican senators, Thomas H. Kuchel and George Murphy, voted against the amendment which was approved by a vote of 50-28. Both, however, voted for final passage of the measure, S4, officially titled the Water Quality Act of 1965.

## Boycott Appeal Withdrawn By Hatters Internat'l. Union

The Hatters union has ended its consumer boycott against hats made by Texas-Miller Products, Inc., following ratification of a contract providing for an improved wage structure, boosts in benefits and improved working conditions.

Brand names of hats produced by the firm, which should be removed from local unions' and central bodies' We Don't Patronize lists, include Adam Hats, Ashley, Dorsey Jay, Hampshire Club, Repel X, and Sea Spray.

## Parley on Far East In S.F. March 11-12

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with an over-view of the Far East and the nation's involvement there.

Other topics to be taken up both in discussion groups and in general sessions will include: China, power enigma; Southeast Asia, emergent forces; and Japan, the workshop of Asia.

Among the principal speakers at the conference will be Komazo Nakaji, president of Domei Kaigi, the Japanese Confederation of Labor, and Jay Lovestone, Director of the AFL-CIO's Department of International Affairs.

In addition, a general session on "Implementing Foreign Affairs Programs in the Locals" will be held Friday afternoon and a speech on the "Role of the U. S. Labor Movement in the Far East" is scheduled at a dinner Friday evening.

Participants will include representative labor leaders from throughout California and other western states including Hawaii.

Registration for the conference will open at 3 p.m. Thursday, March 11.

The conference is jointly sponsored by the National AFL-CIO Department of International Affairs and the California Labor Federation, AFL-CIO, in cooperation with the AFL-CIO Department of Education and the Centers for Labor Research and Education at the University of California's Institutes of Industrial Relations at the Berkeley and Los Angeles campuses. Serving in a consultative capacity for the conference is the Foreign Policy Association.

## Labor Force Forecast

Labor Force Growth to 1980 is expected to average about 1½ million per year. The total is projected at 86 million in 1970 and 101 million in 1980, compared with 77 million in 1964, according to the Department of Labor. Of the nine-million gain for the rest of the 1960's, about half is expected among young people 14-24 years of age, and more than one-fourth among women over 25.

# Budget Message Spells Out Tax Plans; Brown Backs Ability-to-Pay Principle

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lation increase of 25 percent. That alone has placed a severe strain on public finance. But the rate of public school population increase has been twice that. State college enrollment has doubled, and there are 65 percent more students on University of California campuses.

"More than one of every four Californians is now in school, and the rest of us are footing the bill, as we should and must if California is to continue to lead the way."

The Governor noted that "California leads the nation in assistance to local governments, with 65.9 percent of the operating funds in the new budget assigned for that purpose."

In addition, although the budget calls for an increase of only 6.4 percent to support state operations, an increase of 11.6 percent in state assistance to local governments is necessary, he observed.

Considered in the light of these facts and the state's excessively high unemployment rate — 6.1 percent against the national average of 4.9 percent — the principal questions posed by the budget for trade unionists are:

1 — Is it enough to stimulate job growth sufficiently to help sustain employment and reduce unemployment?

2 — Are the Governor's new revenue proposals based on equitable tax principles?

Adequate answers to these questions won't be clearly evident until the details of the Governor's proposals are spelled out in the course of committee hearings.

Aside from a \$62,431 item to finance the state's initial participation in the federal government's war on poverty, the Governor's proposals to meet the state's basic workload needs for the next two years include no new appropriations.

## 'PHASE TWO'

But, since this does not meet the "full needs of the state," the Governor proposed what he called a Phase Two program calling for expenditure of an additional \$125 million during the 1965-66 year which would not be a part of the budget and would be financed by a second tax plan.

The basic workload budget would be 3.1 percent higher than the total of \$3.9 billion spent during the 1964-65 fiscal year. Including Phase Two, it would be about 6 percent higher.

Here are the highlights of the Governor's tax program to meet the state's basic workload needs, excluding Phase Two:

1 — A five cent boost from three to eight cents in the state tax on a pack of cigarettes and a 20 percent tax on other tobacco products to produce \$101.7 million for state government and pro-

vide \$38.8 million to local governments for property tax relief.

2 — Adoption of the withholding system to collect state personal income taxes effective January 1, 1966 to produce \$60 million for the 1966-67 fiscal year. The Governor pointed out that two more states, for a total of 28, have adopted the "pay-as-you-earn" system since he proposed it two years ago.

3 — A hike in gift and inheritance taxes to produce \$54 million.

4 — Action to plug loopholes in the sales tax created by expansion of the practice of leasing or renting as a substitute for purchase, particularly in the electronic data processing field to produce \$13.5 million.

5 — Extension of the sales tax to all occasional sales of automobiles, boats and airplanes, exempting only sales between members of the seller's immediate family, to produce \$8.1 million.

6 — Support of all regulatory activities of the Department of Alcoholic Beverage Control from license fees paid by the industry to save \$4.7 million in general fund revenue.

These measures would produce a net increase to the general fund of \$75 million in 1965-66 and of \$245 million in 1966-67 and would meet the state's basic workload budget for the next two years, the Governor said.

To put these increased revenue needs in proper historic perspective, the Governor noted that two prior legislative decisions made these increases a foregone conclusion. The first was the action taken last year increasing state aid to local schools without providing a revenue source for the increase. This will require \$103 million by next year. The second was the legislature's decision to reject the Governor's proposal to adopt the withholding system to collect a state income tax which would have increased revenues by "a minimum of \$120 million" by the end of the 1965-66 fiscal year.

In his Phase Two recommendations, the Governor proposed:

1 — A five percent across the board salary boost for employees of the state college system and the University of California to cost \$33.5 million.

2 — Financing of at least \$50 million of capital outlay expenditures from new tax revenues annually instead of relying almost solely on bond funds.

3 — Expansion of programs to aid culturally deprived children, particularly in the pre-school and early school years at a cost of \$10 million.

4 — \$2.5 million to upgrade programs for the mentally retarded.

5 — \$5 million to finance the recreation, fish and wild life features of the California Water Plan with the funds to come from the state's tidelands oil income.

## Impact of Tax Plan Explained

In discussing alternative state income tax measures to finance his proposed Phase Two expenditure proposals, Governor Brown offered the following example of the impact of his first proposal which calls for a one-third hike in income tax rates on each bracket of taxable income:

A family of four with \$10,000 annual income and average deductions would pay \$13.33 more state tax. It would therefore have \$13.33 more federal deduction which would reduce the federal tax \$2.53. The net increase would be \$10.80, or one-tenth of one percent of the total income.

A similar family with \$50,000 annual income would pay \$1,040 more. The federal offset would be \$468, leaving a net increase to the family of \$572, or only one and a fraction percent of the total income.

"Almost all experts rate the progressive income tax the fairest in terms of equity and ability to pay," the Governor commented.

6 — \$755,000 to cut the workweek of the state's forest fire fighters from 105 to 96 hours.

7 — \$8 million to meet some of the basic problems cited in the report issued by the Governor's Welfare Study Commission which was established by the 1961 legislature.

8 — \$1.5 million for educational TV in California schools.

9 — \$1,415,000 for university, state college and local libraries.

10 — \$12 million for miscellaneous and contingency programs including flood relief, a new housing and community development department and anti-poverty appropriations.

## FINANCING PHASE TWO

To finance the \$125 million cost of the Phase Two program, the Governor suggested four specific alternatives involving the state income tax and, as a fifth alternative, extension of the sales tax to gas, electric and communication services.

Other alternatives outside the income tax area, the Governor said, include:

- Increases in bank and corporation tax.
- A boost in taxes on alcoholic beverages.
- A severance tax on petroleum and natural gas and/or reduction of depletion allowances.
- Increased pari-mutuel taxes.
- Elimination of the tax advantage enjoyed by insurance companies through deduction of property taxes on their office buildings from the state growth premium tax.
- Admissions and amusement taxes.

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## Budget Message Spells Out Tax Plans; Brown Backs Ability-to-Pay Principle

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— The granting of additional thoroughbred racing days.

The Governor said his personal recommendation "would be use of an income tax formula which would affect all taxpayers proportionately and draw as much money as possible from federal income tax revenues.

1 — A one-third increase on each bracket of taxable income.

This would raise the lowest rate from one to 1.3 percent and the highest rate from seven to 9.3 percent. Since state income tax is deductible from the federal tax, one-fourth of the money would come from the federal government rather than individuals, he explained. Such a rate boost would raise \$127 million.

2 — A progressive increase in maximum state income tax rates from seven

to 15 percent on income over \$35,000 coupled with denial of special treatment on long-term capital gains. This would produce \$130 million and concentrate costs in the upper bracket but more than half the money would come from federal taxes, he said.

3 — To cut state exemptions to the U. S. standard of \$600 per person. While this would also raise \$130 million it would take far more money from low

4 — To substitute a tax credit for income taxpayers and reduce the amount deductible from the federal tax.

present personal exemptions, standard deductions and credits for dependents. Brown said that five states presently have such provisions and that the change would have "its principal impact" in the upper income ranges. It would raise \$130 million.

An alternative to the Governor's various revenue proposals has been offered by Assemblyman Nicholas Petris (D-Oakland).

Although Petris said his plan would result in a net annual tax cut of \$21.32 for a married man with two children, a \$6000 income and a \$15,000 home, it also calls for a one cent increase in the state sales tax from four to five percent which would give California, along with Pennsylvania, the highest rate in the nation.

For What's Wrong With Sales Taxes, see story at left.

## What's Wrong With Sales Taxes?

The trouble with sales taxes is that they take a disproportionate share from the poor to benefit the rich by minimizing the tax wealthy individuals and corporations should pay.

They amount to sort of a Robin-Hood-in-reverse principle and that's why delegates to the California Labor Federation's biennial convention in San Francisco last August adopted a policy statement roundly condemning them.

In California, the statement pointed out, about 60 percent of the state's total revenues come from consumer levies. Studies have proved that the state's consumer-type taxes place an 18 percent greater burden on incomes of less than \$1,000 than on those over \$10,000. As a result of the state's retail sales and use taxes, the very low income groups in California pay 30 percent more than those above the \$10,000 level.

"Contrary to the general propaganda line peddled by the lobbyists representing the wealthy... it is the low-income families rather than the affluent who are being subjected to confiscatory tax policies," the statement declared.

It urged that sales and property taxes at both the state and local level be replaced by progressive taxes based on the ability-to-pay principle at both the individual and corporation levels.

Noting that much of the impact of such taxation on upper income groups would be offset by deductions from the federal tax liability, the Federation declared:

"The stimulating effect upon the economy would also serve to increase corporate profits as well as the actual earnings of wage and salary workers."

## Deadline for Fed's \$500 Scholarship Awards Nears

Are high school seniors in your community about to pass up an opportunity to win one of nine \$500 scholarships?

Deadline to apply for the California Labor Federation's 15th Annual Scholarship Competition is little more than six weeks away. Application forms accompanied by a transcript of the student's school record must be returned by March 22, 1965.

The contest is open to all public and private high school seniors in California. Brochures setting forth the rules, the basis for the awards and providing some sample test questions were dispatched to more than 800 high schools throughout the state and to all affiliates of the California Labor Federation last December. Winners will be chosen on the basis of an examination to be held in participating high schools on Friday, April 23, 1965.

Further details on the contest may be obtained from high school principals or by writing to John S. Carroll, Director of Education, California Labor Federation, AFL-CIO, 995 Market Street, Suite 810, San Francisco, California 94103.

Thos. L. Pitts, the Federation's Secretary-Treasurer, urged all central labor bodies and local unions as well as individual union members to encourage the participation of high school seniors in their area in this contest.

Six of the nine scholarships this year are being made available in cooperation with the following affiliates of the Federation:

California Legislative Board of the Brotherhood of Railroad Trainmen; California State Council of Carpenters; Carpenter's Ladies' Auxiliary, California State Council — this award to be known as the "Beulah McKay Memorial Scholarship"; California State Council of Culinary Workers, Bartenders and Hotel and Motel Service Employees; California State Council of Lathers — this award to be known as the "Lloyd A. Mashburn Memorial Scholarship"; and Studio and Utility Employees, Local 724 — this award to be known as the "Henry B. Rohrbach Memorial Scholarship."

## Sen. Murphy Put on Labor, Public Works Committees

California's freshman Senator George Murphy has been assigned to the Labor and Public Welfare Committee and the Public Works Committee by Republican leaders. He had asked to be assigned to the Armed Services and Aeronautical and Space Sciences Committees and had listed Commerce as a third choice.

Senator Thomas H. Kuchel remains on the Appropriations and Interior Committees.

## All Committees in Assembly Named

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Committee on Constitutional Amendments and Assemblyman Mervyn M. Dymally (D-L.A.) was appointed to replace Elliott as chairman of the Industrial Relations Committee.

The makeup of two of the most important committees from labor's standpoint—the Industrial Relations Committee and the Finance and Insurance Committee is as follows:

**Finance and Insurance (21)** — Zenovich (Chairman), Moretti (Vice Chairman), Ashcraft, Beilenson, Casey, Deukmejian, Fenton, Flournoy, Foran, Hinckley, Knox, Mills, Rumford, Russell, Soto, Stevens, Thelin, Veneman, Veysey, Waldie and Willson.

**Industrial Relations (9)** — Dymally (Chairman), Veysey (Vice Chairman), Badham, Burton, Cusanovich, Davis, Elliott, Ray Johnson, and Powers.

The Federation will go to press early next week with its legislative roster containing the full makeup and meeting schedules of all committees. One copy of the roster will be sent to all affiliates.