

FARM COVERAGE, TOO

House Unit Votes 50¢ Hike in U.S. Minimum Wage

A 50-cent boost in the \$1.25 federal minimum wage and extension of coverage to farm workers for the first time was approved by a House Labor Subcommittee Tuesday.

The subcommittee's recommendation also called for extension of minimum wage protections to hotel, hospital, laundry and other workers for the first time but they rejected President Johnson's proposal that double time be paid for overtime in order to discourage its use and thereby expand employment.

The President had asked that the Fair Labor Standards Act be extended to include 4.6 million wage earners. The subcommittee's recommendation increased that to 6.1 million by adding 800,000 retail and service employees and 700,000 farm workers.

Rep. James Roosevelt (D-California), chairman of the committee, pointed out that the President had made no recommendation for a boost in the minimum wage in his Labor Message to Congress.

"He left it to the judgment of Congress," Roosevelt said, "and we have exercised our judgment."

The subcommittee recommended a three-phase schedule for hiking the minimum wage. Those presently getting the \$1.25 would go to \$1.75 in annual steps.

Non-farm workers not heretofore covered would start at \$1 next January and reach \$1.75 by 1970. Farm workers

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THOS. L. PITTS
Executive
Secretary-Treasurer

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More Funds Needed

Unions Urged To Pitch In To Help Win Economic Equality For Farm Workers

An appeal for more funds "to bring U.S. farm workers into the mainstream of our economic life" was dispatched to all affiliates this week by state AFL-CIO leader Thos. L. Pitts.

"Although the growers' pet claim that 'U.S. workers won't do stoop labor' has been shattered in the past seven months by the fact that some 35,000 U.S. workers have replaced the 34,000 foreign farm workers used in California's fields during the same period last year," Pitts said, "the farm labor fight is far from won."

"In fact," he declared, "the end of the bracero program last December only signaled the beginning of the battle to bring U.S. farm workers into the mainstream of our economic life."

Citing the similarity between the farm labor fight and the American

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Court Action Upholds Federation Victory In Jobless Pay Case

California's Supreme Court has denied a petition for rehearing of a case in which it ruled last June 30 that severance or dismissal payments cannot be used as grounds for denying unemployment insurance benefits. The petition for the rehearing was filed by the Hearst Publishing Company for the Los

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Trade Unionists Dig Into Problems at State AFL-CIO Summer School

Scores of trade unionists from throughout the state converged on the University of California campus at Santa Barbara this week to dig into the problems confronting organized labor and society at large at a week-long summer school sponsored by the California Labor Federation, AFL-CIO.

And after just the first few days of talks by experts on state and national job needs and good and bad tax policies followed by intensive group discussions, participants were saying:

"I learned more about taxes here this morning than I have at half a dozen meetings of my Property Owner's Improvement Club put together."

Or, on the desirability of so-called

"strings" (federal controls) on U. S. funds allocated for local projects:

"Don't leave it to local control. Local control is where the taxpayer has

A Spotlight on State Tax Policy

California workers are bound to be obliged to pay more taxes so we all had better learn to distinguish good tax programs from bad.

This is the message that was telescoped into a morning session on "Taxes and the Needs of Workers" at the Calif

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the least power because the strings are pulled principally by local power groups, the big landowners, utilities, newspaper publishers. . . . Local power groups have been getting away with murder for years."

Or, again on taxes:

"If local people are so able to express themselves, so able to decide what they want and how they want it, why is it that state and local taxes are so regressive?"

Repeatedly—whether the subject under consideration was ways to expand employment, bad tax policies, social insurance inadequacies or the unorganized—the essential interdependence of

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Court Action Upholds Federation Victory In Jobless Pay Case

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Angeles Examiner, now the Los Angeles Herald-Examiner.

The effect of the court's most recent action is to clear the way for payment of back jobless insurance benefits totaling thousands of dollars to the 17 Newspaper Guild employees involved. (See Newsletter, July 2, 1965)

It also assures prompt payment of unemployment insurance benefits hereafter to members of the United Automobile Workers, United Steelworkers, Machinists and scores of other unions that have dismissal or severance pay provisions in their contracts.

Thos. L. Pitts, Secretary-Treasurer of the California Labor Federation, AFL-CIO, which financed and fought the case through the legislature and the courts in behalf of the San Francisco-Oakland and Los Angeles Newspaper Guilds and all other affected unions, said he was informed, however, that there may be some delay in making the back payments due.

This is because the Division of Benefit Payments of the State Department of Employment will have to contact each of the 17 claimants individually to determine the back payments to which they are entitled.

The Federation's general counsel, Charles P. Scully, had submitted a brief urging the state's high court to reject the arguments advanced by Hearst attorneys for the rehearing.

The newspaper chain's attorneys had contended that the court misinterpreted the administrative application of the federation-sponsored amendment to the state's Unemployment Insurance Code enacted in 1959 that stated:

"Notwithstanding any other provision of this Division, payments to an individual under a plan . . . established by an employer . . . for the purpose of supplementing unemployment compensation benefits shall not be construed to be wages . . . and benefits . . . shall not be denied . . . because of the receipt of payments under such . . . plan."

Hearst attorneys also claimed that they had negotiated their contract in reliance on the results of a 1956 suit known as the Bradshaw case wherein the affected employee stated that he regarded his dismissal pay as "wages" and the Supreme Court had ruled 4 to 3 in favor of the employer.

The Federation's general counsel pointed out that the 1959 amendment to

Unions Urged To Pitch In To Help Win Economic Equality For Farm Workers

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labor movement in its infancy when it was afflicted by the conspiracy laws, internal disunity and lack of identity, Pitts, secretary-treasurer of the California Labor Federation, AFL-CIO, declared:

"Our farm workers in the fields cannot win equality with other segments of our labor force on their own. They desperately need our help. And we would deny our trade union heritage if we failed to give it."

He pointed out that the peak harvest season is directly ahead and that there are already indications that governmental agencies may "cave in" to the growers' demand that they be supplied with foreign workers instead of being required to offer wages high enough to attract the workers they need.

Pointing out that farm workers are "still denied full collective bargaining rights, unemployment insurance, minimum wage protection and a host of other employee benefits long taken for granted by most U.S. workers," he urged all affiliates, many of which have already made generous donations, to review their actions to date and augment them by whatever sums possible.

the Unemployment Insurance Code (quoted above) clearly expressed the legislature's intent to specifically overrule the basis for the Bradshaw decision.

Moreover, it noted, the Los Angeles Examiner's contract with its employees was negotiated in 1960, long after the Code was amended, and therefore the Hearst attorneys had no leg to stand on in contending that they were relying on the Bradshaw case.

The Oakland Tribune did not join the Hearst Publishing Company's petition for a rehearing although two if its former employees won back jobless pay benefits as a result of the litigation.

Older American Act Signed by Johnson

President Johnson last week signed the Older American Act into law and declared that this Act, coupled with the medicare bill, would introduce a "new era" of longevity and present a new challenge to American ingenuity to take advantage of the abilities of those 65 and over.

The Older Americans Act authorizes federal grants for community planning, research, development and training programs for the aged.

"Given the seasonality of employment and the arduous work involved, farm workers should — by standards prevailing in other industries—receive premium pay. Instead corporate farm interests have balked at every turn at even offering sub-poverty levels hourly wages," he added.

Checks made payable to the Farm Workers' Organizing Assistance Fund should be mailed to the California Labor Federation, AFL-CIO, 995 Market Street, Rm. 810, San Francisco 94103 as soon as possible.

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would start at \$1.15 next July and go to \$1.25 two years later.

Roosevelt said the subcommittee felt it was taking a revolutionary step in recommending that fair labor standards be extended to agriculture and therefore decided to move slowly. At present considerably less than half of the nation's workers (29.5 million) are covered by the Fair Labor Standards Act.

All migratory farm workers, tenant farmers and sharecroppers and the hired hands on farms employing five or more workers would be covered under the subcommittee's recommendations. This would amount to about 40 percent of farm employment, Roosevelt said.

The largest number of newly covered workers—2.5 million—would be brought in by changing the definition of chain-type establishments. At present employees must work at establishments that gross \$1 million a year and whose individual units gross more than \$250,000 to be covered. These requirements would be lowered to chains grossing \$250,000 whose individual units gross \$150,000.

Other workers that would be covered for the first time include hotel, motel and restaurant workers, non-professional employees of hospitals, automobile salesmen, workers in motion picture theatres, laundries, dry cleaning establishments, the logging industry and many specialized areas of employment such as seafood processing, cotton ginning and the operation of grain elevators.

The full Education and Labor Committee is expected to take the bill up next week. Roosevelt said he expected it would be approved and ready for House action by the end of this month.

A Spotlight on State Tax Policy

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fornia Labor Federation's Summer School this week at Santa Barbara.

The inevitability of higher taxes for California workers is because the working age group in California is increasing at a slower rate than people either too young or too old to work.

Thos. L. Pitts, the Federation's secretary-treasurer, said the subject of taxes was included in the summer school's agenda "because there's ample evidence that pressures are mounting on the legislature for significant tax revisions in the near future.

"If a major reform of the state's present regressive tax policy can be effected, it could have the same effect as a significant pay boost for many California workers," Pitts pointed out.

COMPLEXITIES CITED

"But the complexities and ramifications of various types of taxes are such," he said, "that far too often it's easy for special interest groups to make what is basically an inequitable tax program sound good.

"For example, if a tax program were developed that greatly reduced sales and use taxes but increased personal income taxes by an amount substantially less than the savings resulting from the sales tax cut for low and middle income groups, many union members as well as other taxpayers might be inclined to oppose it out of hand simply because it raised income taxes even though their net income would actually be increased.

"That's why we feel it essential to stimulate discussion of tax problems now," Pitts explained.

THREE TAX CONCEPTS

The three major tax concepts—progressive, proportional and regressive—were explained by the Federation's director of research, Mike Peevey. He pointed out that the property tax, the major source of revenue for local government in California, is probably the most inequitable and regressive tax in the state.

A "regressive" tax is one that takes the most from those with low incomes and the least from those with high incomes. A progressive tax is the reverse of this; it is based on the fair tax principle of ability to pay. A proportional tax extracts the same flat percentage amount from all income groups.

The primary source of revenue in California is the regressive sales tax, with the personal income tax playing only a minor supplementary role. This contrasts sharply with tax programs in other industrial states that depend prin-

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economic education and political action came sharply into focus.

Commenting on AFL-CIO misgivings about the failure of the 1964 tax cut to be concentrated less on the investment and more on the consumer's side of the economy, George Guernsey, Assistant Director of the AFL-CIO Department of Education, said:

"The major problem was that we didn't have the understanding within the labor movement."

In the past three years, he explained, corporate cash flow has exceeded investment by about \$9 billion. This means that the excess \$9 billion is being used in foreign investments, thereby aggravating the nation's balance of payments problem, he said.

Part of the business agents' job in the future, he suggested, has got to be that of helping to educate their members. Otherwise many union members will neither understand nor support AFL-CIO policies and will wind up voting against their own best interests.

Marvin Friedman, AFL-CIO research economist, emphasized that the 1964 tax cut proved the principle that government fiscal policy can be used as a lever to keep the economy in balance, but said the nation has not yet accorded the goal of full employment a high enough priority to cope with the nation's labor force growth.

Proof of this is reflected in the rise in unemployment from two million in 1953 when the rate was three percent to four million in 1964 when the rate was 5½ percent, he asserted.

Labor force growth in the 1953-64 period averaged only 900,000 a year whereas hereafter it is expected to average 1.5 million. Increases in productivity and

cipally on the progressive income tax, the Federation aide said.

At present, sales and use taxes, including taxes on tobacco and liquor, account for nearly 40 percent of the state's estimated 1965-1966 general fund revenue.

This year personal income taxes will account for only about 12 percent of State revenues and bank and corporation taxes will bring in another 12 percent.

Horse racing, which is regarded by many citizens as a major tax source, accounts for less than 1.5 percent.

At present the state's personal income tax ranges from 1 percent to 7 percent while the U.S. tax rate ranges from 14 to 77 percent. Prior to World War II, state income taxes ranged from 1 to 15 percent.

efficiency stemming from automation and technological innovation are expected to result in the loss of another two million jobs.

This means that the nation has a minimum of 3.5 million jobs to create each year just to stand still, more if unemployment is to be reduced, Friedman explained.

A variety of programs, including wage boosts, reduction in hours, earlier retirement for those who want it, and a significant increase in government spending to meet the nation's needs that the private sector can't meet, must be used to meet the economy's need for jobs. None alone can do it, he declared.

While conservative and extremist forces about the nation rail against government spending and like to suggest that the nation is heading for bankruptcy, this is not the case at all, Friedman indicated. He pointed out that the size of the nation's debt must be seen in perspective; it must be considered in the light of the nation's income.

In 1947 government debt represented 125 percent of the gross national product. But in 1965 it represented only 50 percent, hence, far from moving toward bankruptcy the nation's credit rating has improved substantially.

And this means we can well afford the public investments necessary to meet a host of long delayed or neglected social and economic needs in flood control, recreation, education, health and welfare and other fields.

Leslie Carbert, the State's new planning officer, who has been in his post only a few months, said there are great gaps in our knowledge, especially at the state level and explained that he was currently focusing efforts on filling these gaps.

In addressing himself to policy opportunities open to the state, Carbert suggested that the timing of the state capitol expenditure and revenue programs might be geared to offset adverse fluctuations in federal expenditures.

The Summer School session, which included lectures, workshops and discussion sessions on Social Insurance and Family Security, Union Goals and Civil Rights, and The Unorganized, that will be covered in next week's NEWS LETTER, concluded with the presentation of certificates of completion by State AFL-CIO leader Thos. L. Pitts today.

The school was sponsored by the Federation in cooperation with The Centers for Labor Research and Education at the Berkeley and Los Angeles campuses of the University of California.

Need To Improve Jobless Pay Standards Long Overdue, AFL-CIO Expert Says

The McCarthy-Mills bill (H.R. 8282) now before Congress will make the first major improvements in unemployment insurance legislation since the system was enacted in 1935, Ray Munts, assistant director of the AFL-CIO Dept. of

FTC Bars Publisher From Claiming Labor Endorsement

The Federal Trade Commission has forbidden David Kohler, publisher of the National Labor Record "to misrepresent that the paper is endorsed by or affiliated or connected with a labor union or to use other unfair and deceptive practices.

The FTC said in Washington that contrary to statements by Kohler and his representatives to prospective advertisers, "the paper is not endorsed by, affiliated with or the official publication of the American Federation of Labor or any other labor union, but it is independently organized and operated."

The complaint alleges that in order to induce the purchase of advertising space in the paper, Kohler has threatened that if business concerns did not purchase the space their products would receive unfavorable treatment by labor union members. This practice unfairly intimidates and coerces business concerns to purchase advertising space, the complaint adds.

McCulloch Approved For New NLRB Term

The Senate Labor Committee has approved Frank W. McCulloch for a new term as chairman of the National Labor Relations Board.

The action was taken on a 15 to 0 vote Tuesday after extensive questioning by Republican Senators involving National Labor Relations Board decisions that were reversed in the courts, and cases where unions were certified as bargaining agents on the basis of signed cards and not elections.

McCulloch explained that the Board has ordered 30,000 elections in the past four years and decided only 360 cases on the basis of card checks. In the 360 cases, the employer was held to have engaged in unfair labor practices he explained.

Social Security, declared in a recent network radio interview.

The changes have been long needed, Munts asserted, because unemployment continues unusually high and the unemployed and their families are currently denied adequate benefit payments.

Congressional hearings on the measure were scheduled to get underway this week.

"For a while after the program was adopted," Munts said, "state programs were more or less of equal and good quality, but after the war state legislatures did not raise the benefits commensurate with the increase in wage levels. For example, today the typical worker receives a benefit of less than a third of his lost wage."

The new Administration-backed legislation would require most states to pay higher weekly amounts, with maximums raised in steps until they reach two-thirds of the state's average weekly wage.

Munts, speaking on the AFL-CIO public service program Labor News Conference, heard on the Mutual Broadcasting System each week, noted that the new legislation would also provide extended federal benefits for long-term jobless. Payments would continue at the state weekly amount for up to six additional months for eligible jobless workers who have exhausted their state benefits.

The McCarthy-Mills bill would also correct inequities in some states, Munts pointed out.

"For example, we encourage workers to look for jobs," he said. "The government makes surveys of where jobs are available and encourages workers to go look for them. However, some states actually reduce the worker's unemployment benefits, if he goes outside the state. If he leaves Ohio, where he has been drawing a benefit of \$43 and goes to West Virginia, he may drop to as low as \$24."

The AFL-CIO spokesman noted that some states cut off unemployment benefits when a worker begins a retraining program to learn a skill for a new job.

The new bill, he continued, "would, in contrast, disqualify a jobless worker if he is referred to training and refuses it."

As a further feature, Munts said, the McCarthy-Mills bill would be extended to cover small businesses with four or more employees and workers in non-profit institutions, such as hospitals, universities, and foundations.

Immigration Bill Wins Go-Ahead

Junking of the discriminatory, 40-year old national origins quota system in the nation's Immigration Act won the overwhelming approval of the House Judiciary Committee this week.

By a 26 to 4 vote, the Committee approved a bill to set new standards of preference that would benefit "relatives" of U.S. citizens and meet President Johnson's aim of establishing "an immigration policy that is fair and just."

Under the old national origins quota system, nations outside the Western Hemisphere are given quotas based on the makeup of the U.S. population in 1920. Germany, England and Ireland get the bulk of the 158,000 quota numbers allotted each year but generally use less than half of them.

At present the quota numbers are not transferrable but under the proposed legislation, the unused quota numbers would be pooled and applied to the backlog of immigrants piled up in many low-quota countries.

The new legislation would set a ceiling of 170,000 on immigration from all countries presently having quotas but all applications would be treated equally without discrimination on a national origins basis.

As at present, citizens of Western Hemisphere nations would still be allowed unrestricted entry.

Under the 170,000 ceiling, however, new priorities would be set up. The first preference would be given to the unmarried sons and daughters over 21 of U.S. citizens. The second preference would go to spouses and unmarried children of U.S. residents who have not yet attained citizenship.

Other priority categories would be established for members of the professions, scientists and artists, married sons or daughters of U.S. citizens, brothers and sisters of U.S. citizens, workers capable of filling domestic labor shortages and refugees from communist domination.

Outside the annual ceiling would be parents, minor children and spouses of U.S. citizens.

The proposed legislation is expected to result in three principal streams of immigration:

- 1—170,000 under the ceiling
- 2—120,000 from the Western Hemisphere
- 3—50,000 parents, spouses and minor children of citizens.

These figures, based on averages for the past 10 years, indicate the legislation would result in authorizing annual immigration to total about 340,000 persons, about 50,000 more than at present.

House passage of the measure is expected.