

Pitts Urges Approval of FLSA Bill

Linking the war on poverty to the need to eliminate substandard working conditions in employment, state AFL-CIO leader Thos. L. Pitts this week urged Congress to approve a bill to increase the federal minimum wage to \$1.75 an hour and extend coverage of the Fair Labor Standards Act to 7.9 million more workers.

In a letter dispatched to all 38 members of California's congressional delegation, Pitts pointed out that "one-half of the 60 million wage and salary workers in the United States are not now covered by the FLSA" and declared that "at a time when the nation is committed to waging a "war on poverty" this "intolerable condition must be remedied."

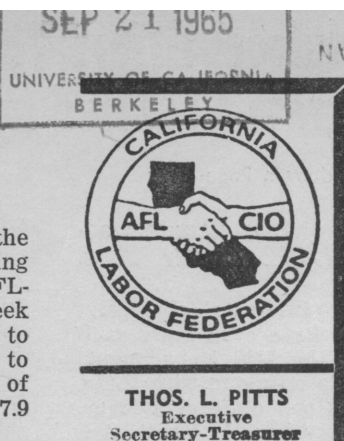
While noting that the bill, H.R. 10518, "in many respects falls short" of what is needed, Pitts said the measure in its present form is nonetheless "a major step toward our goals."

He urged all AFL-CIO affiliates in California as well as local union members to write their congressmen to urge them to vote for it.

The measure, already approved by the House Committee on Education and Labor, is expected to come up for a full vote in the House within the next two weeks.

As presently drafted, the extension

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'Backdoor' Effort To Revive Bracero Program Repulsed by Just One Vote

A backdoor attempt to revive the discredited bracero program by transferring authority to determine the need for foreign workers from the U.S. Labor Department to the Department of Agriculture was repulsed by just one vote—that of Vice President Hubert H. Humphrey—in a key Senate vote on the Johnson Administration's farm bill this week.

Dire Predictions Prove Unfounded

Despite dire predictions earlier this year by corporate farm interests that California's \$3 billion agriculture industry faced catastrophe if they didn't get all the foreign workers they wanted, Governor Edmund G. Brown told a Sacramento breakfast gathering last Fri-

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The closeness of the vote, a surprise to Administration forces, indicated that corporate grower interests are still exerting all the pressures they can muster to try to reopen their access to a cheap, captive, foreign labor supply at the expense of the poorest paid and most ill-treated segment of the nation's labor force — the domestic farm

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'Portable Pensions?'

Parley Airs Medicare Impact on Union Funds

Portable pensions, a system to permit an employee's pension credits to be accumulated through a central clearing house so workers wouldn't lose credits when changing jobs, was just one of a number of ear-perking topics that came under discussion this week at the three-day convention of the National Foundation of Health, Welfare and Pension Plans, Inc., in San Francisco.

What Type Plan is Best?

What type plan is best?

This critical issue was discussed at length but not resolved at the three-day conference of the National Foundation of Health, Welfare and Pension Plans, Inc., at the Hilton Hotel in San Francisco this week.

The three systems in general use today are: the closed panel; the insured; and the self-insured.

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The convention, attended by nearly 3,000 delegates representing labor unions, management and the legal and insurance fields, explored the impact of the Medicare Act on current union-negotiated health, welfare, and pension plans and concluded that a significant expansion of dental, drug and vision-care benefits is in the offing.

This is because the Medicare Act will, in part at least, duplicate the hospitalization and medical coverage already provided for millions of workers after

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Jobless Rate Still Way Out of Line

The pressing need for action to bring about a significant expansion of job-creating programs in California was reflected again this month in this state's jobless data for August when California's seasonally adjusted jobless rate was found to be 6.1 percent, more than 35 percent higher than the 4.5 percent U.S. rate.

Although total unemployment in California, at 410,000 was 31,000 less than a month earlier, it was 7,000 higher than a year earlier and reflected the failure of the state's economy to create sufficient jobs to keep abreast of the growth in its total civilian labor force, which,

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State's Jobless Rate Still 35% Above U.S. Average

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at 7,390,000 in August, was 226,000 greater than a year earlier.

In contrast, total employment at 6,980,000 indicated an over-the-year job growth of 219,000 or 3.2 percent.

While Ernest B. Webb, director of Industrial Relations, noted that the August figure represented the largest gain over a 12-month span in more than a year, the job growth rate is clearly falling short of meeting the increase in the state's labor force, let alone of effecting any significant reduction in the state's excessively high joblessness.

When compared with the 3.3 million unemployed nationally, the state figures indicate that one out of every eight persons unemployed throughout the nation last month were unemployed in California.

About half of the state's increase of 108,000 in total civilian employment between July and August occurred in the construction industry following the settlement of several labor-management disputes, the report said.

For the first time in two years, employment in the four aerospace industries was "comfortably above the year-earlier level," it noted.

Despite the over-the-year 7,000 increase in unemployment, the jobless rate was one-tenth of one percentage point less than the 6.2 percent rate tallied both a month and a year earlier.

In Los Angeles County, the jobless rate dropped to 5.7 percent in August from 5.8 percent the previous month and in August, 1964. At 174,000, unemployment in Los Angeles was 6,100 less than a month earlier and 800 less than in August, 1964.

The report attributed the July-August reduction in part to renewed activity in the construction industry following the conclusion of a trade dispute but said that the over-the-year improvement resulted from increased hiring in defense and space-related industries.

Total employment in Los Angeles County was 2,812,800 last month, 83,100 or 3.0 percent higher than a year earlier and 30,500 above the figure for the previous month.

In the San Francisco-Oakland metropolitan area, unemployment declined by 4,600 between July and August to 63,200, nudging the area's jobless rate down to 5.2 percent in August compared to 5.3 percent in July and 5.4 percent in August, 1964, when 64,000 work-

'Backdoor' Effort To Revive Bracero Program Repulsed by Just One Vote

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worker.

Commenting on the Senate's action, state AFL-CIO leader Thos. L. Pitts said:

"Agribusiness interests obviously feel they would have even more success in getting the U.S. Department of Agriculture to go along with their demands for a flood of foreign farm workers than they have had with the Labor Department.

"Yet the Labor Department authorized so many foreign workers for asparagus and strawberries in California, for example, that thousands were sent home almost as soon as they arrived after it became apparent that an ample number of domestic workers were available even at sub-poverty level wages.

"And the Labor Department also rubber-stamped approval of 18,400 braceros — nearly the entire hand-harvest force needed — for California's corporate tomato growers," Pitts pointed out.

"It comes as both a surprise and a disappointment to find men like Senator Wayne Morse of Oregon and Tom Kuchel of California voting for a move that would dash even the present faint hopes of domestic farm workers for an opportunity to begin to reap a fairer share of the wealth they help produce.

"Moreover, defeat of the Bass amendment would have perpetuated the imposition of unjustifiable welfare tax burdens on the citizens of their states as a result of corporate agriculture's refusal to pay a living wage," he added.

KEEP GUARD UP

Pitts said the closeness of the vote underscored the need for AFL-CIO affiliates and other concerned civic, religious and taxpayer groups "to keep our guard up on this critical issue until the wages and working conditions of farm workers are brought up to par with those prevailing in other organized industries."

"Not until this is done," the secretary-treasurer of the California Labor Federation, AFL-CIO, said, "will a shameful and ugly chapter in U.S. economic history be closed."

Senate action on the issue came on an amendment proposed by Senator Ross Bass (D-Tennessee) which called for the deletion of a provision inserted into the farm bill earlier by Senator

ers were jobless.

Total employment in the San Francisco-Oakland area was 1,239,300 in August, 21,400 higher than a month earlier and 40,000 or 3.3 percent higher than in August, 1964.

Spessard L. Holland (D-Fla.) that would have shifted the power to rule on foreign farm worker importations to the U.S. Department of Agriculture.

In support of his amendment, Senator Bass pointed out that the Agriculture Department was not equipped to find out whether there were enough domestic workers to harvest a particular crop.

The real aim of Holland's provision, Bass said, was to reopen the door to the importation of Mexican workers previously admitted under Public Law 78 which Congress allowed to die last January 1. He urged the Senate to block this "backdoor approach" toward circumventing that congressional decision.

Both of California's Senators, Thomas H. Kuchel and George Murphy voted against the Bass amendment. By so doing they aligned themselves with the agribusiness interests in opposition to improved wages and working conditions for the state's domestic farm workers and against relief for California's taxpayers in general.

WHO VOTED HOW

Since it provides some insight to the power agribusiness interests are capable of mustering in the U.S. Senate, here is the tally of those who opposed the Bass amendment.

Democrats voting against: Byrd, Va.; Byrd, W. Va.; Dodd, Conn.; Eastland, Miss.; Ellender, La.; Ervin, Jr., N.C.; Fulbright, Ark.; Hayden, Ariz.; Holland, Fla.; Lausche, Ohio; McClellan, Ark.; Morse, Ore.; Randolph, W. Va.; Robertson, Va.; Russell, Ga.; Smathers, Fla.; and Stennis, Miss. (17 Democrats.)

Republicans voting against were: Aiken, Vt.; Allott, Colo.; Boggs, Del.; Carlson, Kan.; Cooper, Ky.; Cotton, N.H.; Curtis, Neb.; Dirksen, Ill.; Dominick, Colo.; Fannin, Ariz.; Fong, Hawaii; Hickenlooper, Iowa; Hruska, Neb.; Jordan, Idaho; Kuchel, Calif.; Miller, Iowa; Morton, Ky.; Mundt, S.D.; Murphy, Calif.; Pearson, Kan.; Prouty, Vt.; Saltonstall, Mass.; Simpson, Wyo.; Smith, Me.; Thurmond, S. Carolina; Tower, Tex.; Williams, Del. and Young, N.D.; (28 Republicans.)

Paired against was Long of Louisiana; paired for was McCarthy of Minnesota. Not voting but paired for were: Gore of Tennessee, Neuberger of Oregon; and Ribicoff of Connecticut. Not voting but paired against were Bennett of Utah and Scott of Pennsylvania. Not voting and not announced were Anderson of New Mexico; Russell of S. Carolina; and Talmadge of Georgia.

Parley Airs Medicare Impact on Union Funds

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retirement in their present union-negotiated plans.

As a result, it is anticipated that millions of dollars in union trust funds will become available to expand benefits and provide new ones once the Medicare program goes into effect next year.

In this connection, separate panels were held on dental care, drug cost and vision-care programs. Just five years ago, union-negotiated dental care programs were practically unknown but today nearly 2.5 million workers—one million in California alone — enjoy dental care benefits.

Similarly, just two years ago only 15,000 U. S. workers had vision-care benefits and all 15,000 were in California. Today more than 150,000 are covered and this number is expected to quadruple every year for the next four years, according to Alden G. Myhre, president of the Washington Vision Services in Bellingham, Washington.

Likewise, coverage of workers' drug costs was almost non-existent two years ago but today 300,000 workers are covered and this number is expected to jump to 5 million within the next four years.

These growth projections serve to point up the tremendous acceleration expected in a field that barely existed 20 years ago.

Today, for example, pension funds covering about 25 million workers total about \$80 billion and are expected to more than \$200 billion by 1980.

The AFL-CIO Executive Council registered its concern over the serious questions posed by the growth of these funds in its report to the last national convention saying:

"These funds amount to an increase in the total volume of savings which means that an equivalent amount is being withdrawn from consumption, with broad implications for economic growth. In addition, the investment of these funds is delegated to insurance companies, banks and trust companies. The implication of this great concentration of economic power is of concern to labor as it is to all thoughtful citizens."

The Council's report also touched on the need for "portable pensions" saying:

"Because early investing is not universal, a great number of workers may never qualify for a pension upon retirement. Frequent job changes due to rapid technological change and automation frequently mean the worker fails to qualify for a pension from any of his employers even though technically he may have been covered under one pension plan or another during his entire working life."

"Due to economic circumstances beyond their control, many employers are unable to set aside sufficient funds to meet future requirements."

"There is a real need to provide some insurance or re-insurance mechanism which will give some protection to workers threatened with loss of their retirement annuities due to economic causes beyond their control."

Since the Council's report in November, 1963, a special Committee on Corporate Pension Funds and Other Private Retirement and Welfare Programs studied the growing importance of the role private plans play in providing retirement security to an increasing proportion of the nation's labor force.

In a report submitted to President Johnson earlier this year, the committee suggested, among other things, that an arrangement to permit the "portability" of pension credits would improve the private pension system appreciably.

What Type Plan is Best?

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Under the closed panel system, a group of doctors, dentists, druggists or optometrists are, in essence at least, on a trust fund's payroll and meet the workers problems as they arise. Proponents of this plan maintain that it is the least expensive and provides the worker the most in benefits.

Insured plans leave it up to the individual worker to select his own practitioner who is then paid by an insurance company. Its proponents claim it is the most effective but others argue that insured plans result in the payment of excessive fees to brokers and insurance firms that reduce benefits available.

Self-insured programs are those wherein the employer alone or the employer and union or unions involved put money into funds they set up themselves to pay practitioners' fees without going through an insurance firm or limiting insured workers to a closed panel.

In many instance of course, the employer's contributions to such self-insured funds are in effect the employees' contributions because the employees have foregone equivalent wage increases to establish the plans.

So what type of plan is best? It's the one that minimizes overhead costs and maximizes both the workers' benefits and the fund's security. This seems to give the edge to self-insured or close panel systems if the expertise necessary for sound fund administration is available equally to all.

Such an arrangement could, conceivably, be set up along the lines of a multi-employer plan, permitting credits earned with different employers to be combined through a central clearing house to compute a worker's total benefits.

Although such an arrangement would enormously improve the retirement security of all covered workers and at the same time permit small firms to provide pension plans which would be too difficult and costly on a one-employer basis, substantial opposition to such an arrangement is expected from both management and the insurance industry because improvement of the workers vested interest in the plan would increase benefit payments.

Although no legislation has yet been introduced in this country to facilitate portability of pensions, Canada is already moving in this direction.

The province of Ontario enacted a Pension Benefits Act this year, effective July 30, that requires workers' pension benefit credits either to be held in trust for the employee or transferred to another plan if the original plan is dissolved.

The special committee's report to President Johnson last January recommended that a central clearing house be set up either by public or private action to facilitate the accumulation and consolidation of pension benefit credits earned by an employee with different employers.

It could work like this:

1. Employers could be permitted to make voluntary tax-deductible contributions to a central fund, public or private, which would provide pension benefits for their employees.

2. When an employee left his job, the employer would have the option of maintaining the employee's records and issuing small monthly payments to them on their retirement or of simply contributing an amount equal to the employee's vested rights to a central fund at the time of his job termination.

3. Contributions made by different employers for the same worker could be consolidated in the central fund to determine the worker's total retirement benefit and issue a single check covering it.

In addition the central fund could be used as a master registry for accumulated pension credits so that a worker could transfer into the private plan of a future employer.

A special 23-page pamphlet entitled "Portable Pensions" which spells out the U.S. committee's recommendations may be obtained free from Commerce Clearing House, Inc., 351 California St., San Francisco.

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of coverage would include 1.3 million farm workers. The \$1.75 hourly minimum would become effective July 1, 1968. The minimum for newly covered non-farm workers would not reach \$1.75 until July 1, 1970.

But the extension of coverage to farm workers provides that their minimum wage would be only \$1.15 an hour effective July 1, 1966, and rise to only \$1.25 as of July 1, 1968.

Here is the text of Pitts letter to the California Congressional Delegation:

"The Fair Labor Standards Act is now 27 years old. Since its passage in 1938, the federal minimum wage has periodically risen and coverage has been broadened. However, the purpose of the Act, to eliminate substandard working conditions in employment, has yet to be achieved.

"The law has not kept pace with the tremendous growth of the national economy and large groups of low-paid workers are excluded from its protective features. More than one-half of the 16 million wage and salary workers in the United States are not now covered by FLSA.

"At a time when the nation is committed to waging a 'war on poverty' this 'intolerable condition must be remedied.'

"There is every reason, both social and economic, for expanding the coverage of the FLSA. And there is every reason to increase the federal minimum wage from its present lowly level of \$1.25 an hour. Approximately 40 percent of the children living in poverty are in families where one worker is employed full-time throughout the year. In short, major improvements in the FLSA are mandatory steps in attacking poverty and are necessary to assure a better standard of living for millions of working people.

"It is my understanding that H.R. 10518, the wage and hour bill that broadens the coverage of the FLSA and raises the minimum wage, has been approved by the House Committee on Education and Labor and will be acted upon by the full House late this month. This important bill will gradually increase the federal minimum wage to \$1.75 an hour for non-farm workers and to \$1.25 for farm workers, and will extend the minimum wage and overtime protection to about 7.9 million additional workers, including some 1.3 million in agriculture. By 1968, the total number

Jobless Insurance Appeals Board Rules Dismissal Pay Can Not Be Held as Wages

Implementing a State Supreme Court decision won earlier this year in a case financed by the California Labor Federation, AFL-CIO, and fought by its general counsel, the state Unemployment Insurance Appeals Board ruled recently that severance or dismissal pay may not be considered as "wages" in determining claimants' eligibility for unemployment insurance.

The decision, issued to make Appeals Board policy conform to the high court's ruling, holds that claimants are not ineligible for unemployment insurance solely on the ground that they have received severance or dismissal pay.

The action reverses a long-standing policy that had been based on a 1956 suit known as the Bradshaw case in which the affected employee had said he regarded his dismissal pay as "wages" and the court had ruled for the employer in a 4 to 3 decision.

Subsequently in 1959, the California Labor Federation sponsored and won enactment of an amendment to the State Unemployment Insurance Code to clarify the issue.

The amendment, now Section 1265 of the UI code states:

"Notwithstanding any other provisions 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 . . . plans."

Last June, the Supreme Court ruled in cases fought by the Federation in behalf of the San Francisco-Oakland and Los Angeles Newspaper Guilds involving workers on the Los Angeles Examiner and Oakland Tribune that the 1959 amendment made it clear that the legislature's intent was that neither severance nor dismissal pay should be considered as wages.

The Appeals Board decision took specific note of the firm's point that "dismissal payments under the employer's plan are not made with the intention to supplement the payment of unemployment insurance benefits" but declared

of workers covered by the minimum wage protection feature of the FLSA will be 37.5 million.

"I strongly urge you to support H.R. 10518 in its present form in order to improve the welfare of millions of workers in the United States. The passage of this bill is vitally necessary if the purposes of the FLSA are to keep in step with the times."

that the Supreme Court's decision last June clearly held that dismissal and severance pay are not "wages" and that benefits may not be denied because of the receipt of such pay.

Dire Predictions Prove Unfounded

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day that California would again market more than \$3 billion in crops and livestock.

And, in general, he said he believed that California would benefit by the end of the bracero program, noting that:

"In wages alone, some \$30 million which went to Mexico every year with the braceros will remain here."

Backing up the Governor's view that the end of the bracero program would benefit the economy, the Labor Department reported this week that employment of domestic workers in agriculture was up seven percent during the first 5½ months of 1965 and that the largest increases had come in California, Florida, Arizona and Texas.

"Domestic worker employment was higher than a year earlier on all of the 18 major (bracero) user crops except cotton, tomatoes and beans," the report said.

"More than half the total decline in foreign worker employment occurred in citrus fruits, lettuce, strawberries and sugar beets," the report added.

Further corroboration of the Governor's view came from reports from the State Department of Employment indicating that 25,500 more domestic farm workers were employed as of the week ending September 11 than in the corresponding week a year ago.

A statement prepared by the Department of Employment for the State Board of Agriculture which was based on findings as of the week ending September 4, 1965, found total agricultural employment 40,600 less than during the corresponding week of 1964. It attributed the decrease to "labor shortages, with lower acreage also a contributing factor."

While the report noted that "over 40 percent of the employment drop was in the tomato harvest," it failed to mention the fact that the 1964 processed tomato crop was a bumper crop of 3,003,000 tons which was 23 percent above the previous five-year average and 22 percent above the 1963 tonnage. Nor did it mention that nearly one-third of the 1965 crop is expected to be harvested by machine compared to only eight percent of the 1964 crop.