



California AFL-CIO News

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PG&E Wants You to Pay 93% Of Rate Hike Bid

The Pacific Gas and Electric Company is proposing that general service users—homeowners, renters, etc.—pay 93 percent of the additional \$26 million in rate hikes it is demanding while the giant utility's big industrial customers pay nothing.

This was one of the more significant facts brought out by a representative of the California Labor Federation, AFL-CIO, this week in the course of cross-examining PG&E officials as the state Public Utilities Commission resumed hearings on the second phase of PG&E's rate hike demands.

William Gallavan, manager of PG&E's rate department, attempted to justify the giant public utility's proposal to foist almost all of the cost of the rate increase off on its general service users on grounds that big industrial users would shift

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Food Caravan To Delano Set For Sept. 27

Don't feel left out or uninvolved anymore. Join the next food caravan to Delano and learn first hand what the farm workers' struggle is all about.

The next caravan will leave from the San Francisco Bay Area in two sections on Saturday, September 27. Both sections depart at 7:00 a.m.—one from 568-47th St., Oakland, and the other from 660 Howard St., San Francisco.

For information on what foods are needed, the availability of rides, etc., phone 655-3256 (Oakland) or (for the San Francisco section) 647-7032 or 333-7356.

Haggerty Raps Nixon Call For 75% Construction Cut

U.S. Policy Hit As 'Notoriously Unsuccessful'

Is President Nixon's "tight money" monetary policy doing any good?

Eight months ago, the President's economic advisors said that the impact of the policy should begin to take hold in about six months.

But a forecast of business investments for 1970 made by a highly respected New York economic consultant firm now argues otherwise.

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Demand Tax Justice Now

"Aw, they'll forget about the House bill soon enough."

That's how President Nixon's Undersecretary of the Treasury Charles Walker cynically dismissed bipartisan criticism of Nixon's current attempts to weaken the House-passed tax reform bill by giving less tax relief to middle and low income taxpayers and more relief to corporations and the wealthy.

The House-passed bill would

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President Nixon's decision to order a 75 percent slash in new federal construction projects as a means of curbing inflation has been attacked by C. J. (Neil) Haggerty, president of the AFL-CIO Building and Construction Trades Department.

Nixon's directive boils down to a case of using the "wrong weapon . . . at the wrong time against the wrong people," Haggerty declared.

In announcing the drastic slash in federal construction, President Nixon claimed that it would "release resources for home building where the need is great and where

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Corman Deplores 'Deal' To Quash Auto Smog Suit

"Anyone who has ever been a victim of the kind of dirty brown haze that regularly afflicts the Los Angeles area should be up in arms about this 'deal' between the Justice Department and the automobile manufacturers."

That was Congressman James C. Corman's response to the agreement announced in Washington on September 11 that disclosed that Nixon's Justice Dept. had bowed to pressure from the Automobile Manufacturers Association and agreed to quash a public trial of the big four automobile manufacturers on charges of conspiring to suppress development and installation of pollution control devices.

Corman, a Democrat who represents the 22nd Congressional District centered in the San Fernando Valley, has long sup-

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Big Nixon Donor Favored in Labor Row, Union Says

The Nixon administration was accused this week of according favorable treatment to an airline company headed by one of the biggest contributors to President Nixon's 1968 election campaign.

The charge was made by the AFL-CIO International Association

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What's Union Pact Worth to Workers? About \$2,371!

What is a union contract worth to the average worker?

In 1966, according to the Labor Dept. it was worth \$1.14

an hour or about \$2,371 a year.

That was the difference in the average hourly compensation of non-office workers in

establishments with union contracts and those without union contracts.

The dollar difference is almost certainly greater now, but the 1966 data was the latest available when the Bureau of Labor Statistics published its report on "Employee Compensation in the Private Nonfarm

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Demand Tax Justice -- It's Your Money!

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grant a \$7.3 billion cut to individuals but Nixon wants to reduce this to \$4.8 billion.

This means that despite Nixon's campaign oratory last year about the necessity of tax relief for middle income taxpayers, when push comes to shove, Nixon chooses to protect the corporations at the general taxpayers' expense.

This is also indicated by Nixon's proposals to reduce the \$4.9 billion net increase in corporate taxes called for in the House-passed bill to \$3.5 billion.

ROBIN HOOD IN REVERSE

This boils down to nothing less than a "Robin Hood-in-reverse" tax policy being espoused by the Nixon administration. But Nixon's Treasury Secretary David M. Kennedy dressed it up in more clever terms when he claimed that the House tax reform bill was biased "against investment in favor of consumption."

This, however, is the argument that has always been used by special interests to justify special subsidies or special tax treatments for themselves at the expense of middle and lower income taxpayers.

But the failure of current record interest rate levels and the threat of repeal of the seven percent investment tax credit to make any significant dent at all in business investments makes it perfectly clear that the nation's tax laws and subsidy programs are already so heavily biased against consumption and in favor of investment that far more drastic reforms than are contained in the House-approved bill are essential to provide any meaningful tax relief for taxpayers earning \$20,000 or less.

WRITE RIGHT NOW

Since the Senate Finance Committee is scheduled to be hearing public witnesses on the tax reform bill throughout this month and during the first week of October, all California trade unionists are urged to write both of their U.S. Senators—George Murphy and Alan Cranston—to urge them to fight vigorously to strengthen rather than weaken the House-passed bill. Letters should be addressed to each of the Senators at the Senate Office Building, Washington, D.C., 20510.

You might want to tell them that the increase in the standard deduction from its present 10 percent—\$1,000 level to the 15 percent—\$2,000 level called for in the House bill is long overdue and represents the very minimal increase acceptable. The Nixon administration wants to cut the standard deduction back to 12 percent with a ceiling of \$1,400.

CAPITAL GAINS HIT

And you might want to tell them you want much greater reform of the capital gains tax which lets a person who earns \$8,000 from investments pay a tax of only \$354 while a wage or salary earner earning \$8,000 pays a tax of \$1,000.

The House bill takes a short step in the right direction on the capital gains issue by lengthening the holding period from six months to a year and, among other things, by boosting the maximum capital gains tax rate from 25 to 35 percent.

But even under the House-passed capital gains tax provision, wealthy taxpayers still would pay no tax whatever on 50 percent of their capital gains income—a loophole that lets the rich get richer while middle income taxpayers, for the most part, shoulder their burden.

OIL DEPLETION LOOPHOLE

You might also want to tell your Senators to press for abolition of the oil depletion allowance which permits many oil moguls to claim huge deductions long after their expenses for developing an oil field have been completely recouped.

Single taxpayers also have a vital stake in the House-passed tax bill since it would afford head-of-household treatment to all single taxpayers over 35.

At present single persons with the same taxable income as a married couple sometimes pay a tax 40 percent higher on that income than the married couple.

But again the Nixon administration wants to minimize the tax relief for single persons by adopting a rate schedule that would still require the single person to pay up to 20 percent more in taxes than a married couple with the same taxable income.

Effective reform of these and other aspects of the nation's tax laws could mean millions

of dollars in additional purchasing power in the hands of California trade unionists and other workers throughout the country. But the oil interests, the banking interests, the savings and loan and insurance industries are lobbying hard to pressure the Nixon administration to minimize tax reforms or open new loopholes to replace others that may be closed as a token gesture to the public's demand for tax reform.

If real tax justice is to be effected—if you want a big increase in your withholding tax refund check—now's the time to let Senators Cranston and Murphy know that you demand thorough-going tax reform right now!

Private Housing Starts Decline

For the seventh consecutive month, private housing starts declined nationally in August and are now down to an annual rate of 1,336,000 units, two percent below the previous month, the U.S. Department of Commerce reported this week.

This figure is barely half of the 2.5 million housing units needed each year to keep pace with the nation's population growth, which is expected to climb 25 percent from 200 to 250 million during the next 15 years.

The addition to the impact of the Nixon administration's tight money policy, the current depressed rate of private housing starts reflects the inadequacy of Congressional appropriations for the 1968 Housing Act, the National Housing Act of 1965, the Model Cities Program and similar AFL-CIO backed legislation designed to meet the nation's snowballing housing crisis.

Women at Work

In April 1968, about 30 million women 16 years of age and over were in the labor force. This means that nearly two out of every five workers were women. Labor force projections through the 1980's indicate that women and youth will provide the largest source of new entrants into the labor force.

PG&E Wants You to Pay 93% Of Rate Hike Bid

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to other forms of fuel if their rates were hiked.

But Gallavan could only cite one company that had even suggested that it might go out of business if their rates were increased. That firm, he said, was the California Ammonia Company, which is located near Lathrop, Cal., and produces an anhydrous ammonia.

Following this exchange, Hearing Examiner Carol T. Coffey said that the evidence of damage to industrial users that might result from requiring them to shoulder part of the rate increase was at best vague.

For the average Bay Area home, PG&E's proposed "rate spread" would mean that gas rates would be hiked 13.3 percent while big industrial users would get off scot-free and smaller industries would have their rates go up only 2.1 percent.

The State AFL-CIO is participating as a "interested party" in the case in an effort to protect trade unionists and other middle and low-income families from excessive and unfair rate increases.

PG&E is asking for an increase in its rate of return from 6.25 percent to 7.5 percent. The State PUC staff has recommended a rate of return ranging between 6.95 and 7.25 percent.

In subsequent hearings the Federation plans to cross-examine officials of PG&E—which as a public utility enjoys a monopoly in its field—on the size of its advertising budget and to also seek information from the state PUC staff on how it arrived at its recommended rate of return. The midpoint of the staff's recommendation, 7.1 percent, is only four-tenths of a percentage point below the rate of return being sought by PG&E.

\$50 Billion in U.I. Pay

Unemployment insurance benefits totaling nearly \$50 billion have been paid to almost 150 million jobless workers since 1936.

Corman Deplores 'Deal' To Quash Auto Smog Suit

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ported legislative efforts to control environmental pollution.

Reports of a deal between industry representatives and officials in the Justice Department's anti-trust division have circulated in Washington since early this year after the Nixon administration took office.

The compromise consent decree filed in the U.S. District

Court in Los Angeles for final approval in 30 days will prohibit the auto manufacturers from continuing their collusive practices.

But it admits no liability for the charges, and the evidence gathered by the government will become unavailable to prospective litigants.

This means that the City of Los Angeles, which, Corman

said "has not had a single day free of smog since last March," will be denied access to the thousands of pages of evidence collected by federal investigators in the course of a two-year study and thus will not have sufficient legal grounds on which to file suit for damages against the big four—General Motors, Ford, Chrysler, American Motors and their trade

association, the American Manufacturers Association.

Among other things the bill of particulars in the suit filed by the Justice Department noted that "in Los Angeles County, as of January 1967, gasoline-powered motor vehicles accounted for 12,465 tons out of a total of 14,610 tons, or 85.3 percent of contaminants emitted into the ambient air daily."

The Justice Department's suit was initiated by former Attorney General Ramsey Clark. It charged that on three occasions—in 1961, 1962 and 1964—the auto manufacturers had agreed to attempt to delay installation of air pollution control equipment. They were also charged with agreeing to pursue research, development, manufacture and installation of pollution control devices on a non-competitive basis, and to seek joint appraisal of patents submitted by other parties by means of a cross-filing agreement.

Noting that the major role that gasoline-powered vehicles play in the smog problem has been known since the early 1950's, Corman declared:

"It is hard to conceive of corporate callousness that would deliberately seek to delay the installation of equipment that could save the lives of thousands of Americans annually and millions of dollars in damage. But if these allegations are true, they demand a full public hearing."

Los Angeles County Counsel David Mix apparently agrees. He filed a motion on Sept. 5 to make Los Angeles County a party to the complaint before District Judge Curtis. A tentative date of October 13 has been set to hear the County's motion to intervene and to sign—or not sign—the consent decree filed by U.S. Attorney General Mitchell.

The AFL-CIO has long been a strong supporter of effective measures to control both air and water pollution. At its last national convention, delegates adopted a resolution declaring that "foot-dragging by states, localities and private industry can no longer be tolerated."

Big Nixon Donor Favored in Labor Row, IAM Charges

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ation of Machinists which has been involved in a labor dispute with National Airlines for the past eight months.

More than 1,000 IAM members have been locked out by National Airlines since last January. Earlier this month the union charged that the U.S. Justice Department has joined the airline firm's management in a legal maneuver to deprive these trade unionists of their right to strike.

LAW EXPLAINED

The workers are covered by the Railway Labor Act and are prohibited from calling a strike against the airline until and unless the National Mediation Board declares that its efforts to mediate the dispute have failed.

The union recently won a U.S. District Court order which calls on the National Mediation Board to declare mediation a failure. But first National Airlines and then the Justice Department took action in an appellate court to prolong the Board's mediation.

CAMPAIGN GIFTS

Subsequently the union did a little investigation of its own and this week the union's weekly newspaper, "The Machinist," reports that:

"A check of the reports to Congress of presidential campaign contributions shows that L. B. Maytag, Jr., president of National Airlines, was one of President Nixon's largest contributors."

Pointing out that reports to the clerk of the U.S. House of Representatives show that Maytag contributed \$24,000 in separate \$3,000 gifts to eight different Nixon campaign commit-

tees, the article said:

"As National Airlines' \$100,000-a-year chief, Maytag is calling the shots in the airline's eight-month lockout of more than 1,000 IAM members."

It charged that "Maytag's airline and the Justice Department under Attorney General John N. Mitchell, acting for the National Mediation Board, are now trying to stall the IAM in court."

To substantiate its charge that "Maytag and Attorney General Mitchell are no strangers," the article noted that Mitchell, a former law partner of President Nixon, was Nixon's election campaign manager and that Maytag was "an important fund raiser as well as a big contributor" to Nixon's campaign.

The union also pointed out that National Airlines won a route from Miami to London since Nixon assumed office even though a Civil Aeronautics Board examiner had recom-

mended that the route go to Pan American Airlines.

Frank Heisler, IAM Airline Coordinator, noted that whenever any lower court decision goes against a federal agency, it's the Justice Department's job to decide whether the order shall be appealed.

"By asking for a stay pending an appeal," Heisler said, "the Nixon administration certainly appears to have jumped into bed with the Mediation Board and the airline against the IAM members."

In response to the Justice Department's claim that "irreparable harm" would be done to the parties to the action (National Airlines and the Mediations Board) and to the public if the union members were free to strike after the 30 day waiting period, Heisler pointed out that Northeast, Eastern and American Airlines all compete with National over its principal routes so there would be plenty of alternative transportation.

What's Union Pact Worth To Workers?--Just \$2,371!

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Economy."

Part of the difference was in the basic straight-time wage rates.

The average union worker made \$2.62 an hour at the time of the survey, as compared to \$1.88 an hour in non-union employment.

But he also got substantially more vacation time, holidays, pension benefits, health insurance and other fringe benefits.

That brought his total hourly compensation—the amount the

employer pays out on his behalf—to \$3.37 an hour. For the worker without a union contract, the comparable figure was only \$2.23 an hour.

Since the union worker puts in fewer hours on the job because of his longer vacations and added holidays, the difference is even greater when measured in terms of total compensation per hour actually worked. The Labor Dept. figures for that category boost the union differential to \$1.29 an hour more than the non-union worker.

GOP Outspent Demos By Big Margin in 1968

In terms of votes, it was one of the closest elections in the nation's history. But measured by money spent for television and radio time, the 1968 presidential election was a runaway victory for the Republicans.

Statistics compiled by the Federal Communications Commission show that the Nixon-Agnew ticket spent nearly \$12.6 million for television and radio time during the presidential campaign.

That's more than twice the \$6.1 million spent for air time on behalf of the Humphrey-Muskie slate.

A further breakdown of the figures published by Congressional Quarterly magazine shows the GOP presidential slate spent \$4.2 million for network television, compared to \$2.5 million for the Democratic ticket, and outspent the Democratic candidates \$4.8 million to \$2 million for local television time. The total radio time bought amounted to \$3.6 million for Nixon-Agnew, compared with \$1.7 million for Humphrey-Muskie.

Among candidates for all offices during the 1968 general election campaign, Republicans spent \$22.5 million for air time against \$15.4 million for the Democrats and \$2.5 million for minor party candidates.

While Republicans generally outspend the Democrats in buying television and radio time, the gap this year was by far the greatest.

In 1964, Republican candidates outspent the Democrats only \$13 million to \$11 million; in 1960, the gap was \$7.6 million to \$6.2 million, and in the 1956 election, \$5.4 to \$4.1 million.

Discrimination Ban

"No person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefit of, or be subjected to discrimination under any program or activity receiving federal financial assistance." — Title VI, Civil Rights Act of 1964.

Haggerty Raps Nixon Call For 75% Construction Cut

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severe strains are already being felt."

Nixon also:

- Urged private industry to postpone construction projects "that are not immediately essential."

- Directed the Secretaries of Labor and of Health, Education and Welfare to develop manpower training and vocational education programs "to achieve a major increase in needed skilled labor for the construction industry."

In substantiating his stand that Nixon's cutback directive represents the wrong weapon at the wrong time, Haggerty said:

"The extremely high cost of money which is almost indefensible, the soaring cost of land which the federal government could greatly alleviate by releasing some of its own vast unused land, and the zooming cost of materials are far more important factors in the inflation situation than the wages of building tradesmen, which in most cases scarcely cover the increase in their cost of living."

Haggerty also pointed out that the cutback could stifle efforts to recruit and train more Blacks and members of other minority groups for construction jobs.

"If we don't have the work for them, we can't very well put them on and train them," he noted.

Nixon coupled his slashback in federal construction spending with a warning to states and cities that unless they follow suit with voluntary reductions in state construction plans, he would order further restrictions on federal grants to aid such projects.

In view of the fact that California's construction industry, particularly the homebuilding industry, has been in a depressed state for several years, Thos. L. Pitts, Secretary-Treasurer of the California Labor Federation, AFL-CIO, wired Governor Reagan last week to

urge him not to cutback on state construction spending.

Pitts pointed out that because of the many federal projects and installations in the Golden State, the federal cutback itself will hit California particularly hard.

"To compound that by additional slashes in state construction could mean financial disaster for thousands of California workers," Pitts' wire said. (See California AFL-CIO News of September 12 for full details).

Following Pitts' prompt action, Governor Reagan this week lifted a temporary freeze he had imposed on state construction a week earlier and announced that the state administration would take no action on cutbacks in state construction spending until the state learns the specifics of federal construction cutback plans.

But at the same time, Reagan said that a task force committee assembled at his direction by State Business and Transportation Secretary Gordon Luce had compiled a list of more than \$200 million in construction projects that can be slashed or delayed to fight inflation.

Reagan said that the state can and will put these state construction cutbacks into effect "as soon as we're informed of the federal cutbacks."

Since state spending for construction projects aggregate about \$1 billion annually, a \$200 million slash in state construction spending would amount to a 20 percent cut at the state level on top of the 75 percent cut in federal construction spending ordered by Nixon.

Such major slashes in construction spending could clearly wreak havoc on thousands of families of workers in the building trades as well as clerical and other workers in industries that supply the construction industry.

Prior to Reagan's news conference Tuesday, his first in six weeks, informed sources in Sacramento said that a 75 per-

cent cutback in state construction spending would include a \$353 million cut back in highway construction, \$30 million in public works, and \$200 million in water resources.

Since about 60 percent of the funds involved in construction projects involve wages and salaries, the impact of the combined federal and state construction spending cutback will drastically reduce the purchasing power in California and, as a result, be felt throughout the state's entire economy.

Meanwhile the Nixon administration fails to protest inflationary price increases by General Motors and others in the auto industry or the earlier price increases in basic industries such as steel and copper and shies away from any action aimed at lowering the current record-high interest rates or clamping a lid on corporate profits and dividend payments.

In short, isn't it becoming abundantly clear that the Nixon administration's strategy for curbing inflation is to let the bulk of the burden fall on the nation's wage and salary earners?

U.S. Policy Hit As 'Notoriously Unsuccessful'

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The Rinfret-Boston Company, whose president Pierre Rinfret was a Nixon advisor during the 1968 campaign, says that its 1970 projection indicates that Nixon's monetary policy "has been notoriously unsuccessful in slowing down the economy."

The firm released a report that predicted that business investments in new plant and equipment would rise by some \$6.3 billion or nine percent in 1970 to a total of \$77.2 billion.

The total for 1969 is expected to come to \$70.9 billion, an increase of 10.5 percent over last year.