

# Merry Christmas



## California AFL-CIO News

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### Pitts Calls For State Tax Reform

Demands for basic reform of the California tax system were made this week in a statement submitted to the Joint Assembly-Senate Interim Committee on Revenue and Taxation by Thos. L. Pitts, secretary-treasurer of the California Labor Federation, AFL-CIO.

Pitts called for a basic shift of the state revenue structure from sales and consumer taxes to the personal income tax and the "ability to pay" principle.

The statement noted that:

(1) California realizes only 27.1 percent of its revenue from the progressive personal income tax, while the New York income tax produces 47.8 percent of its revenue total.

(2) California's general fund receive 40.8 percent from the 36 year old state sales tax

(Continued on Page 4)

### CHRISTMAS MESSAGE

By THOS. L. PITTS  
Secretary-Treasurer

California Labor Federation, AFL-CIO

Christmas comes this month with its storied promise of peace and brotherhood. During this one, brief season millions of every faith will sense the compassion and humanity of the Christmas message.

The reality of human history is that men have never known either peace or brotherhood. Not for long. The wars of this century may be considered projections of the tribal and national conflicts that have divided people through the ages.

But civilized men have never despaired. They have never quit. They still believe that the controlling issues of hate have been made by men and are within the power of men to correct.

There is innocence in the Christmas story. And love. And peace. There is no talk of war or conquest or violent belief.

It will take more than the United Nations to assure humanity of peace and brotherhood. It will take more than treaties. It will require the commitment of men everywhere to build a world worthy of man's promise.

Despairing men will never build such a world. That

(Continued on Page 4)

### State AFL-CIO Donates \$5,000 To GE Strikers

A \$5,000 contribution to help support trade unionists involved in the nationwide strike against General Electric has just been authorized by the 37-man Executive Council of the California Labor Federation, AFL-CIO.

In announcing the contribution, Thos. L. Pitts, the State AFL-CIO's executive officer, said that the action was taken unanimously at the concluding session of the Council's two-day meeting in Palm Springs last week "in recognition of the fact that GE is clearly intent on destroying the whole concept of free collective bargaining in this nation."

"All workers—union and non-union alike—have a vital personal and financial stake in this strike and should, in their own self interest, support the

(Continued on Page 4)

## Study Finds 4 Out of 5 Calif. Workers Can't Buy Homes

In an unprecedented period of prosperity, this state is in the middle of a housing disaster of proportions not seen since the Great Depression of the 1930's.

The crisis is no longer confined to the low and moderate income families who have been forced to live in our slums and ghettos. The crisis has now spread so thoroughly into our society that four out of five Californians can no longer purchase a modest home to meet their present needs.

In addition, California's giant housing industry has become the victim once again of economic policies originating in Washington and Sacramento. In their efforts to control a

*EDITOR'S NOTE: Recognizing that skyrocketing interest rates, now at their highest level in the nation's history, and rising land costs have priced millions of California families out of the housing market, Assemblyman George N. Zenovich (D-Fresno), ordered a private study of the state's housing crisis as an aid to developing legislation to help meet the state's critical housing needs. The study, prepared by staff consultants, should be of interest not only to building trades craftsmen but to all trade union families scratching for the wherewithal to buy a home of their own. Here is the full text of the staff report:*

spiral economy, the decision-makers have taken the easy way out. Rather than exercise restraint on those who set the

prices which determine the cost of living, they have chosen to accept a rising rate of unemployment. This unemploy-

ment must be absorbed by the "average American worker"—many of whom are construction workers who build our new homes.

Government action which decreases the average American worker's ability to purchase a home has been based on the theory of decreasing his propensity to spend and increasing his propensity to save. Thus, by slowing home purchases, the government hopes to cool off an inflationary economy. This is, in fact, a false theory.

The purchase of a home is the soundest investment or savings a family can make. Real estate has continued to increase in value throughout the

(Continued on Page 2)

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# Study Finds 4 Out of 5 Calif. Workers Can't Buy Homes

(Continued from Page 1)

years. At the same time, a homeowner has use of the house and obtains an increasing equity in the property. This home purchase is perhaps the only real savings that retains its value that the average American worker will make during his lifetime.

He must always pay for housing. When he pays rent, he pays for someone else's investment. When he pays on his own mortgage, he is paying on his own investment. Government has an obligation to every American to see that he has the ability to pay his housing costs so that they become his asset and he has an investment if he so desires.

Government action to curb inflation should be directed toward purchases of this year's new car or color television—not the purchase of a new home. High interest rates and high building costs have coincided to make it impossible for the average American worker to be able to purchase a new home for his family. There must be a decrease in credit restraints for housing.

## 1965 LEVEL

Four years ago, the average American worker had to have an unencumbered annual income of \$9,600 in order to purchase a top of the line tract house costing \$20,000. A modest home could then be purchased for \$14,000 and this required an unencumbered annual income of \$7,000.

Interest rates, which were at six percent four years ago, are now at eight percent or above. Costs of construction have risen at a rate of at least \$2,000 per year. Yet, the average American worker's annual wage has not begun to keep pace with the cost of living increases or the cost of new housing.

Today, it costs at least \$20,000 for that modest home in the suburbs. In those areas, even the older stock of housing commands a premium price. In addition, as a buyer moves further out to escape high housing costs and to be able to get mortgage credit, his transportation costs go up.

To get an FHA insured mortgage for \$20,000 today, a buyer

must pay eight percent in Sacramento or Fresno. Interest rates in San Francisco and Los Angeles are at 8½% or 9%. A 30-year mortgage at eight percent on \$20,000 requires an unencumbered annual income of over \$12,000 according to FHA requirements. That means if you earn \$12,000 a year and make payments on a new car or a Sears credit account for a new washer, you can't get across the threshold to make an FHA application for a new home mortgage.

Four out of five Californians, according to the Franchise Tax Board's recently released statistics on reported 1968 incomes, have an annual income of less than \$13,000. Four out of five Californians need not even apply for an FHA insured mortgage. Their credit is good for a new car, television or washer, but not for a new home.

## SALES DOWN

Reports from a major central valley home builder indicate now home sales are down at least 30% from last year. Ninety percent of the people looking for a new home are presently renters. But many of these people are ineligible for an FHA loan on a \$21,500 home even though they are, in fact, presently paying in rent the same amount necessary to make monthly payments on the FHA insured mortgage. Also, this builder indicated that the same house he sells today for \$21,500 was sold a year ago for \$18,400. This is really tragic. If action is not taken immediately, the system may break down completely.

During the past three years under the present administration, almost nothing has been done by the state to help solve festering problems in housing. At the same time, states such as New York and Pennsylvania, under Republican administrations, have done remarkable jobs in attacking similar housing and construction industry problems.

California is now caught up in this crisis and we can no longer wait for Governor Reagan to take the initiative. We must act now and provide an effective state housing program to assist all Californians and assure them of decent housing.

As a first step, we recommend that letters be written to our U.S. Senators and Congressmen, the Secretary of Housing and Urban Development George Romney and President Nixon, giving support to Senator Cranston's recent request for FHA to remove the one-half percent charge for insuring a loan.

In addition, we should ask that FHA relax its requirements for acceptance of applications for insured loans so that an applicant with a reasonable history of making his monthly rent payments can be eligible for an insured loan if he can show ability to meet the monthly payment. Also, the new 235 program should be accelerated to provide more low interest mortgage loans in California. Joint resolutions to this effect should be introduced in the next legislative session.

As a second step, a special legislative program on housing should be presented which will bring to bear resources of the State of California to aid in this crisis.

## FEDERAL AID

For instance, the state has heretofore ignored one of its major resources. California can utilize its credit in housing similar to the FHA and FNMA and VA programs. These federal programs require very little actual expenditures of federal funds but great amounts of private financial power are brought to bear to support programs as directed by Congress. California can supplement the federal programs and assist in bringing more private money into providing good housing for our fellow citizens.

Further, we must realize California is an economic area of its own; it is a growth economy with unique problems. What is good for the nation as a whole is not always in the best interests of California.

The cost of living in Mississippi does not approach the cost of living here. Economic policies made in Washington that help eastern, southern or mid-western states do not always help California and yet, we are inevitably affected by these policies.

Economic policies that have

a disastrous effect on the industries of this state, such as the building industry, can be softened by state action. Our state government has a responsibility to protect these industries. Minimum levels of new home construction must be established that will insure California of a healthy building industry. A healthy building industry is the best way to insure that the need for housing of all our citizens will be met.

Recent federal action limiting savings and loan interest rates has severely handicapped this state's ability to attract mortgage capital from other states to meet the needs of our growth economy. We recommend legislation creating a State Home Loan Mortgage Agency, a state insured program and a secondary mortgage market association similar to FNMA to establish a secondary mortgage market in California. These programs will be intended not to replace federal programs but to supplement federal programs and maintain established levels of home construction throughout the state to meet the needs of all our citizens.

## LEGISLATURE

A comprehensive program of housing should be introduced in the next session. Further, the problems of the Cal Vet Home Loan program should be thoroughly reviewed to determine how best to revitalize this important and unique state housing program and to be sure that it is adequately funded. The eligibility period of many veterans expires in 1970. This should be extended as was proposed by Assemblyman Harvey Johnson in the 1969 legislative session. This program should not be allowed to bog down at a critical time such as this.

We want to make one thing clear: the average American worker—the guy who pays his taxes and holds one or two jobs to see his children through school and buys his wife a washer and drives a three-year-old car—must be able to own his own home. And, in addition, the industry that builds that home must no longer be the whipping boy of economic policy-makers.

## Iowa Beef Strikers See 'Scab City' Rise in Nebraska

If you think all corporate managements have long since abandoned their yen to return to the 19th century iron-hand rule they once exerted over employees, don't drive through Dakota City, Nebraska—at least not the section of that town where "Scab City" is being built behind a six-foot fence topped with barbed wire.

If you did, you'd be likely to lose your illusions.

Inside a huge enclosure, the Iowa Beef Packers' Management is building 50 cement block houses for the strikebreakers it has brought in from the Mexican-border areas of California and Texas.

That's management's answer to its regular workers who joined the AFL-CIO Meatcutters Union and went on strike more than three months ago to achieve wage parity with other packinghouse workers.

The average pay at Iowa Beef, including skilled jobs, is 98 cents an hour less than the average common labor rate in the rest of the industry, the union has pointed out.

Union pickets refer to the enclosure—where a non-union firm is putting up the houses—as a "concentration camp."

The plant itself looks like a besieged castle. A moat-like trench, four feet deep, sur-

rounds the struck plant. Armed guards and police dogs patrol the perimeter.

Meanwhile, a union member lies in a Sioux City hospital, shot by a strikebreaker. According to union witnesses, the victim, a 24-year-old union member, was on picket duty at the plant's main gate on November 21 when his assailant drove from the plant in a car, swerved the vehicle in an attempt to hit several pickets, and then got out of the car and fired four shots from a .32 caliber automatic.

Two of the shots hit the picket, Raymond Gonzales, in the abdomen.

But Dakota County authorities have refused to file charges, indicating they consider the shooting excused under a recently-enacted Nebraska "self-defense" law.

Dave Hart, District Vice President of the Meatcutters, said the construction of "Scab City" was begun after strikebreakers housed in the struck plant began quitting because of poor conditions.

Some of the strikebreakers later told the union they were charged \$45 as a "fare" for being flown to Sioux City on a company plane. They said the money was deducted from their first paychecks.

The pickets are now wondering when the firm will take the next step and put in a company store. Then the captive workers can "owe their soul to the company store" as in the old coal mining song that was revived and popularized by Tennessee Ernie Ford 10 or 15 years ago.

Before importing strikebreakers from California and Mexico, the company had tried unsuccessfully to recruit Indians.

Hart told newsmen that the company's use of outside strikebreakers, who have largely been drawn from underprivileged minority groups, is part of the company's "19th century labor relations."

Iowa Beef's management "is simply preying on people who are exploited all the time anyway," he said.

Armed guards check every car at the gate and Newsweek Magazine reported recently that the company chairman, Currier J. Holman, "had a tear-gas gun visible in his breast pocket as he talked warily with a visitor."

Insisting that "now is the time for cool heads," the union has resisted the indignation of some strikers who "wanted to meet violence with violence," Hart said.

Instead, it has demanded that county law enforcement officers arrest the strikebreaker who shot Gonzales or be removed from office.

Besides its main plant in Dakota City, three other plants of Iowa Beef have been struck and nearly 1,400 employees are on picket lines.

At its Eighth National Convention in Atlantic City, N.J., last October, the AFL-CIO announced its support of the Meatcutters boycott against Iowa Beef Packers' products and AFL-CIO President George Meany advised the company of the convention's action and urged management to sit down and negotiate a contract.

### 400,000 in Training

Nearly 400,000 men, women and youths are currently enrolled in the 10 major training and work-experience programs of the Department of Labor. The total was a little under 300,000 at the same time a year ago.

## Survey Confirms Union Formula For Organizing

The time-tested union formula for organizing workers has been reaffirmed by an impartial California survey conducted at the request of the AFL-CIO by the Political Science Department at San Fernando Valley State College.

The formula calls for a seasoned organizer, a group of strong employee-committee leaders and "plenty of hard work from both," according to National AFL-CIO Organizing Director William L. Kircher who reported on the findings of the survey in the March issue of the American Federationist, an AFL-CIO publication.

The article, titled "Yardstick for More Effective Organizing," explains that, at the request of Kircher's department, the Los Angeles-Orange Counties' AFL-CIO Organizing Committee asked the college to conduct an impartial in-depth survey and evaluation of the attitudes of 500 voters in National Labor Relations Board elections over a two-year period in that two-county area.

The report produced these descriptions of a typical voter's characteristics:

- The pro-union voter in NLRB elections is likely to be a stable, well-informed individual who has been on his present job from six to 10 years.

- The typical non-union voter is indecisive, conservative, and usually uncertain about what a union can do for him.

While confirming many findings learned by experience by seasoned organizers, the survey also punctured some myths "concocted by social experts," Kircher said, offering as examples:

- Younger workers voted for a union at a rate within four percent of the overall pro-union average.

- More of those working on a job for less than one year reported voting for a union than against it.

## Fed. Announces 1970 Scholarship Awards

Announcements of the 20th annual California Labor Federation scholarship program were mailed this week to all California high school principals and all state AFL-CIO affiliates.

The announcements included a message to high school seniors from Thos. L. Pitts, secretary-treasurer of the Federation, which emphasized that students could participate more effectively in society if they had a fundamental understanding of the role of the labor movement in the American democracy.

Twenty four college scholarship awards of \$500 each will be granted graduating senior students planning to attend college anywhere in the U.S. during the coming academic year.

Three scholarships are being sponsored by the Federation

and 21 by affiliated unions and councils.

Application forms will be available to students in their high schools.

March 13 will be the deadline for the filing of applications with the Federation by high school principals. Awards will be made on the basis of a two hour examination held April 10.

Judges of the contest will be Jack Blackburn, Coordinator for Labor Programs, Center for Labor Research and Education, Institute of Industrial Relations, University of California, Los Angeles; Michael B. Lehmann, Assistant Professor of Economics, University of San Francisco; and Leland S. Russell, Chairman, Joint Study Committee on Guidance, California Association of Secondary School Administrations.

## Citizens' Group Set Up to Back GE Strikers

A national committee of prominent Americans from all walks of life is now being organized to support nearly 150,000 workers in 13 different unions who are striking the giant General Electric Company because GE has refused to engage in meaningful collective bargaining and appears to be intent on destroying the nation's free collective bargaining machinery.

Formation of the committee was announced by A. Philip Randolph, a vice president of the National AFL-CIO and a distinguished civil rights leader.

Paul Douglas, former Senator from Illinois and long a champion of economic justice has accepted chairmanship of the committee, Randolph said.

Bayard Rustin, executive director of the A. Philip Randolph Institute, will serve as vice chairman of the committee, which will be known as the "Citizens' Committee to Support the GE Strikers."

Creation of the committee was jointly initiated by the League for Industrial Democracy and the A. Philip Randolph Institute.

In a letter dispatched to hundreds of prominent citizens throughout the nation, Randolph said that "the issues in this strike transcend narrow labor-management conflict. They affect every American."

The Citizens' Committee will seek to educate the American people on the issues in the strike and to mobilize public support for GE workers and their families in every way possible. It is also planning to take newspaper ads to counter GE's propaganda.

Coordinator of the committee's work will be Tom Kahn, executive director of the League for Industrial Democracy. The committee's address is 112 East 19th St., New York, N.Y. 10003.

### N.Y.C. Pays 354,600

New York City employs the largest work force of any American city and more than many States. There are 354,600 persons employed in all occupational fields, 261,200 of which are in non-teaching positions.

## Christmas Message

(Continued from Page 1)

world of promise will be built only by men inspired by the kind of warmth and goodness which comes in part to all of us at the Christmas season.

Merry Christmas to all of every faith and color and nationality. Merry Christmas to all in the one human family.

## Supreme Court Agrees to Hear 2/3's Vote Rule Suits

The California Supreme Court agreed on December 10 to consider the constitutionality of the two-thirds vote requirement in bond issue elections.

Three suits challenging the state constitutional provision that bond issues must be approved by a two-thirds majority have been filed, two in San Francisco and one in Sutter County. The court ordered all three cases consolidated to be heard at one time.

All three suits make essentially the same point, namely that the two-thirds rule makes a "no" vote count twice as much as a "yes" vote and that this causes voters approving bond issues to suffer "debasing and dilution" of their voting rights.

They also point out that the two-thirds majority provision violates the 14th amendment of the U.S. Constitution and the U.S. Supreme Court's "one man, one vote" ruling.

Elimination of the two-thirds rule would obviously constitute a long stride toward meeting

some of the state's critical educational, housing, recreational, anti-pollution and other similar social needs as well as spur the creation of jobs in local communities throughout the state.

The Sutter County suit is based on defeat of a \$4.5 million school bond issue which won approval by a majority of voters in the district but not a two-thirds majority.

The San Francisco suits, one of which was brought by the law offices of Mayor Joseph Alioto, are based on defeat of Proposition A and B in a recent San Francisco County election.

Proposition A, a \$9.9 million recreation and park project bond issue, was approved by 56.8 percent of the voters and Proposition B, a \$5 million bond issue for new schools in the Hunters Point area, won the approval of 52.3 percent of the voters.

The state's high court has not yet set a date for the hearing but replies to the suit must be filed by Jan. 2, 1970.

## Pitts Calls for State Tax Reform

(Continued from Page 1)

which takes a higher proportion of the income of the poor and middle-income persons than it does of the wealthy.

(3) New York's general fund receives only 15.9 percent of its revenues from the regressive sales tax.

The statement held that the personal income tax should be collected by the withholding system and should provide 50 percent or more of total state revenue. It also called for an increase of the bank and corporation tax.

The state-local government tax relationship also requires

reform, the statement said. It proposed that local government social welfare functions be shifted to the state in order to relieve the local property tax burden and give social welfare programs the "kind of state dimension they so badly require."

Pitts asked that reformation of the state tax structure begin in the 1970 legislative session.

### 240,000 Apprentices

Approximately 240,000 apprentices are working in more than 350 trades registered with the U.S. Department of Labor's Bureau of Apprenticeship and Training.

## State AFL-CIO Donates \$5,000 To GE Strikers

(Continued from Page 1)

GE strikers by boycotting GE and Hotpoint products," Pitts said.

"This is because if GE's pre-strike 'take-it-or-leave-it' bargaining tactics are allowed to prevail, the wages and working conditions of all workers in this country will be seriously jeopardized," he explained.

The Council's action came on the heels of adoption of a statement by the Council Wednesday which pledged the Federation's "full and immediate support" to the striking GE workers and called on each of California's 1.3 million AFL-CIO trade unionists to make a point of donating \$1 each to the GE Strike Relief Fund and to involve themselves in the GE boycott and strike "morally, financially and through personal support."

Contributions to the GE Strike Relief Fund should be sent to Lane Kirkland, AFL-CIO Secretary-Treasurer, 815 16th Street, N.W., Washington, D.C. 20006.

## Hours, Earnings Survey Ready

California's work force grew by 1,634,200 during the 1961-68 period, according to Charles Roumasset, Regional Director of the U.S. Labor Department's Bureau of Labor Statistics.

This is just one of a vast array of statistics contained in "Employment and Earnings, States and Areas, 1939-68," a survey recently issued by BLS which give historical data on employment, hours and earnings.

The survey, particularly useful to trade union officials and their research staffs, may be purchased from BLS at Room 10450, 450 Golden Gate Avenue, San Francisco 94102 for \$5.25.

### Dependency Benefits

Ten States and the District of Columbia now provide dependency allowances in addition to basic unemployment Insurance benefits through their unemployment compensation programs.