WEEKLY NEWS LETTER

FROM

CALIFORNIA STATE FEDERATION OF LABOR

402 FLOOD BUILDING —151 SAN FRANCISCO, CALIFORNIA

February 20, 1946

- FINAL ADOPTION OF DISABILITY BILL SURE TO GET GOVERNOR WARREN'S APPROVAL -

(CFLNL) SAN FRANCISCO.—Final adoption of S.B. 40 (Shelley et al) establishing a system of disability insurance under general provisions of the Unemployment Insurance Act was the outstanding event of the week in Sacramento's legislative session. This has been hailed as the most important piece of social legislation to be enacted in California in almost a decade.

This Federation-sponsored bill, of which Governor Earl Warren was an active proponent, will undoubtedly receive his signature before this issue of the News Letter reaches its readers. In 90 days after the adjournment of the Legislature the bill will become a law. Under its provisions benefits will become payable not more than one year after that date, and may be available sooner if the Federal Social Security Board can be prevailed upon to transfer the necessary funds to put the law into operation.

The 1% employees' contributions now collected for unemployment insurance will be segregated under a special fund and will be used partially to compensate eligible applicants for loss of wages due to illness or accidents not covered by the Workmen's Compensation Act. Individuals eligible for unemployment insurance will, generally, likewise be qualified for disability benefits. The amounts to be received will range from $10 to $20 per week, and the maximum period of eligibility will reach to a maximum of 23 weeks. Exception to this will be the case of a worker unemployed part of his benefit year because of loss of job and for another part due to disability, in which event such a worker may receive payments up to a maximum of approximately 35 weeks for the combined categories of unemployment. No benefits will be paid for the

first week of any period of disability, but each full week thereafter will be compensable. No payments will be made, however, for pregnancy.

Private disability compensation plans operated by employers will not be excluded if an employer and a majority of his employees prefer such a plan. Such projects, however, must be approved by the Department of Employment and no such approval may be granted until it is determined that the benefits under the new plan will be greater and the cost to the employees not more than under the state plan.

Since the inception of the unemployment insurance system in California, wage earners have contributed 1% of their wages for which they have received no benefits whatsoever. Only three other states besides California require employees' contributions. In all other states employers finance the unemployment insurance fund, and in several of these states benefits to employees are greater even than those received by California workers.

Experience has amply and convincingly demonstrated that employees' contributions are no longer needed in California to maintain the solvency of the fund. The enactment of S.B. 40 will assure workers who in the future suffer loss of wages because of extended illness, benefits that will be extremely helpful in meeting current living expenses.

Only after numerous sharp legislative skirmishes was S.B. 40 enacted. Representatives of the State Federation of Labor spent many hours in conference with opponents of the measure in an effort to work out a bill which would be generally acceptable to everyone involved, including labor, employers and insurance companies.

Amendments were subsequently offered to the Assembly Committee on Finance and Insurance, where former differences had been resolved, by the California Medical Association, the CIO and dissident employer groups. Some of the proposed amendments would have emasculated the bill, others aimed at delaying the progress of the measure, and the balance were calculated to upset compromise agreements previously reached. This gerrymandering was successfully overcome by the proponents of the measure.

Especially inexplicable were the efforts of the California Medical Association and the CIO as neither of these groups had participated in the drafting of the measure, or had sat in during conferences in which differences of opinion were resolved, although each of them was welcome. The CIO did not make the slightest effort to help in the passage of the bill and the California Medical Association was openly hostile.

After the Committee on Finance and Insurance had rejected the amendments of both these groups, they persisted in furthering their sabotaging proposals on the Assembly floor, where they were effectively defeated by the leadership of Assemblyman John C. Lyons of Los Angeles and Assemblyman Thomas A. Maloney of San Francisco. The C.M.A. sought to gain time to lobby for defeat of the bill by inserting innocuous amendments which would have necessitated reprinting of the measure before further action could be taken.

The motives of the CIO were apparently political. Bitterly opposed to the reelection of Governor Warren, representatives of this organization were willing to kill the disability bill rather than allow the Governor to obtain credit for its passage. Not being able to oppose the measure openly, they camouflaged their efforts by contending the bill was not good enough. Had their amendments been adopted, any chance of passage of this bill would have been precluded.

In the Senate where the bill went for concurrence in amendments, bad faith on the part of at least one of the employers' groups which had participated in the compromise draft was exhibited in an effort to block concurrence. This was defeated 26 to 10 under the able leadership of Senator Shelley, and the bill was sent to the Governor.

The Federation office in Sacramento declares that there is no substantial basis for any of the newspaper stories or reports that S.B. 40 contained errors which had to be corrected before the bill could become a law. The Federation itself has sponsored one "follow-up" bill which would make money immediately available to put the act into operation if the Federal Social Security Board transfers the funds mentioned above and puts the law into effect less than one year after its effective date. Another bill makes minor technical changes

considered advisable by attorneys of certain interested groups.

A.B. 109 (Maloney & Gaffney), increasing maximum workmen's compensation benefits to $30 per week, has passed the Senate and is on the way to the Governor's office at the time of this writing.

A.B. 52 (Maloney & Burke), appropriating 7½ million dollars for emergency housing for veterans, has been signed by the Governor.

S.B. 45 (Tenney) and A.B. 7 (Johnson et al) continuing the child care program until the fall of 1947, have both gone to the Governor.

A.B. 97 (Miller et al), prohibiting racial discrimination was withdrawn from the Committee on Governmental Efficiency and Economy by a vote of 42 to 27 and rereferred to Committee on Ways and Means. This committee then refused by a 10 to 6 vote to send the measure to the Assembly floor, thus killing all possibility of further consideration of any bill on racial discrimination during the present session.

The Full Employment bill, A.B. 55 (McMillan et al), died after refusal of the Assembly to reconsider its previous vote defeating the measure. Fifty-one assemblymen voted for reconsideration and only 23 against, but 54 affirmative votes were needed to revive the bill.

A.J.R. 18 (Maloney et al), memorializing Congress to increase the Federal Minimum Wage, passed the Assembly unanimously and is now before the Senate.

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- N.L.R.B. SETS ASIDE CANNING INDUSTRY ELECTION -

(CFLNL) SAN FRANCISCO.--Upholding the protest of the American Federation of Labor against an election held last October in the canning industry in which the CIO received a plurality of the votes, the National Labor Relations Board ordered a new election to determine whether the A.F. of L. or the CIO should represent California cannery workers.

The Federation had vigorously opposed the October election on grounds of unprecedented haste and irregularities, and had carried on an intensive campaign in conjunction with the Teamsters to have it set aside. In the meantime, the A.F. of L. Council of Cannery Workers is negotiating a new agreement for the coming year with the California Processors and Growers Association.

The decision, which was reached by a majority vote of 2 to 1, was written by the Chairman, Paul Herzog, and supported by Gerald D. Riley, with John M. Houston, third member, dissenting.

Gratified at the action taken by the NLRB, the AFL is confident that this effort at disruption by the CIO will be successfully repelled and that the A.F. of L. Teamsters' Union will continue to be the bargaining agent for the employees in this industry.

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- NEW WAGE-PRICE POLICY ANNOUNCED BY PRESIDENT TRUMAN -

(CFLNL) SAN FRANCISCO.--President Truman issued the new wage-price policy in the form of an executive order which re-establishes governmental controls over wage increases. William Green, President of the American Federation of Labor, has deemed this order to mean, in effect, an end to free collective bargaining. The California State Federation of Labor is in full accord with President Green's sentiments and is vigorously opposed to the scrutiny of collective bargaining agreements by government bureaucrats.

The empowering of the government to determine wage rates by fiat is dangerously reminiscent of the Nazi-Soviet idea of governmental regulation of wage rates and working conditions. The Federation is against the continued linking of prices and wages, for it feels that consideration has not been given to the fact that wages form only a small proportion of the cost of production in many industries. Through increased efficiency and increased production, industry can absorb much of the proposed wage increases. The linking of wages to prices, in effect, nullifies wage increases and prevents the workers from increasing their real wages and thereby improving their standard of living.

The present labor unrest is due specifically to the wartime wage controls which were based on inflexible formulae that were completely divorced from reality. These resulted in keeping wages far below their normal level, while profits soared to unheard of heights. The same reaction will occur when this attempt to depress wages is ended.

The order is very confused and written in terms of broad generalities. It is difficult, therefore, to predict how it will be applied until the Government has issued its interpretations, modifications and qualifications. There are two sections to the order, the first of which is directed toward the statement of the price policy; the latter, in brief, is to insure industry its normal peacetime profits. The second section of the order deals with wage increases.

The principle of immediate concern to the unions is that all wage increases must be approved by appropriate government agencies, if the employer desires to use such increases as a basis for price relief. Any increases granted without approval will forever debar employers from using such increases as a basis for price relief.

Wage increases will be approved so that they maybe set at a level determined by the industry or area pattern as resolved during the period August 18, 1945 through February 14, 1946. The order also uses the same mumbo-jumbo of the wartime wage stabilization, and speaks of approval in order to correct for gross inequities, rise in the cost of living, and substandards.

The Wage Stabilization Administrator is also not only empowered to declare certain types of wage increases to be unlawful, but, in fact, may declare approval necessary for all increases in particular industries or particular communities, as he sees fit.

The Federation will provide further interpretations of this order as information is received from Washington.

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