

Group Legal Services Under Study

A report of the Committee on Group Legal Services of the State Bar, containing recommendations which may be of importance to labor organizations as well as other groups which utilize group legal services, has been published in the May-June issue of the Journal of the State Bar of California.

The report is called to the attention of affiliates by C. J. Haggerty, secretary-treasurer of the California Labor Federation, because of its referral to a subcommittee of the State Board of the Bar Association for study and report at its August, 1959 meeting. Some affiliates may wish to make appropriate representation to the State Board at this August meeting.

Haggerty noted that the report of the Committee on Group Legal Services discusses in detail the relationship between attorneys and labor organizations and their members. Some of the recommendations, if adopted, will have the effect of changing historic relationships insofar as some labor organizations are concerned.

Those unions using group legal services may obtain a copy of the May-June 1959 issue of the Journal of the State Bar from the State Bar headquarters, 2100 Central Tower, San Francisco.

Urge Affiliates Support Effort To Reduce Traffic Deaths

Support by California labor organizations of the national drive to reduce traffic deaths on highway during this year's Labor Day celebration is urged by the California Labor Federation, AFL-CIO.

Cooperation with the Labor Division of the National Safety Council in this safety drive was voted at the May meeting of the national AFL-CIO Executive Council.

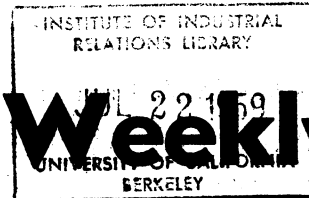
The AFL-CIO Standing Committee on Safety and Occupational Health, designated by the Executive Council to implement this decision, will coordinate its implementing actions through state labor organizations.

In due course, safety materials will be available through the Federation's offices in San Francisco, for use of all affiliates in publicizing the safety campaign. The Labor Di-

(Continued on Page 4)



C. J. HAGGERTY
Executive
Secretary-Treasurer



Vol. 1 — No. 25
July 17, 1959

Weekly News Letter

Published by California Labor Federation, AFL-CIO

151

Haggerty Warns Congress of Three-Pronged Attack on Water Monopoly Protections

C. J. Haggerty, secretary-treasurer of the California Labor Federation, AFL-CIO, this Tuesday warned Congress of a "three-pronged attack in Sacramento and Washington to thwart the aims of federal water policy and allow future irrigation projects in California to fall under the control of a few corporate absentee owners who hold huge tracts of land in the San Joaquin Valley."

The state AFL-CIO leader, fighting to mobilize liberal forces in the field of basic resources development, issued the warning to each member of the California delegation in the House of Representatives in a hard-hitting, straightforward statement on vital water issues before the Congress affecting the future development and prosperity of California.

The three-pronged attack, Haggerty said, is manifested in the following:

(1) The San Luis Project Authorization bill, H.R. 7155, scheduled to reach the floor of the House of Representatives in the near future, which provides for joint federal-state development in a scheme whereby federal facilities would be

used for water deliveries by the "state" without the application of federal anti-speculation, anti-monopoly controls.

(2) The irrigation repayment contract which Secretary of the Interior Fred Seaton has recently offered districts in the service area of Pine Flat Dam to escape reclamation law protections for taxpayers.

(3) Water legislation passed by the California state legislature proposing a \$1.75 billion water bond program without any anti-enrichment protections for landed monopolists in the San Joaquin Valley, who stand to be unjustly enriched by millions and millions of dollars.

Although the three drives are not necessarily coordinated, Hag-

(Continued on Page 2)

California Consumer Association Launching Steps Taken

Formal steps to launch a California Consumers Association, dedicated to promoting the interest of the public as consumers, were taken last Saturday in San Francisco, following a one-day conference on consumer problems.

Upon adjournment of the conference, presented by the University of California's Institute of Industrial Relations in cooperation with coop, and other consumer and labor groups, including the California Labor Federation, interested participants in the one-day meet constituted themselves as a sponsoring committee for the purpose of establishing the Association.

Close to 100 individuals from various consumer interests, including organized labor, attended the launching session, which was held in the Georgian Room of the Whitcomb Hotel.

The self-constituted body adopted

a provisional constitution and statement of principles and objectives of the Association as working papers for the development of final documents to be presented at a founding convention to be convened at a future date.

Doctor Peter Odegard, University of California professor, was unanimously elected temporary president, and John Hutchinson, of the University's Industrial Relations Insti-

(Continued on Page 2)

Haggerty Warns Congress of Three-Pronged Attack on Water Monopoly Protections

(Continued from Page 1)

gerty pointed out, each of them "would serve the same end—monopolization of irrigation water furnished by public monies."

It has been stated that, in terms of dollars and cents, the monopoly threat posed would permit a giveaway bigger by far than the measly \$100 million nearly pulled off in "Dixon-Yates."

SAN LUIS LEGISLATION

Under the San Luis bill, the federal government would be authorized to construct a federal dam for delivery of water to the west side of the San Joaquin Valley. So-called joint use provisions of H.R. 7155 provide for the construction of additional state capacity for storage and delivery of water to the south, and to highly concentrated landholdings that adjoin the federal service area on the west side, and the lower end of the San Joaquin Valley.

Although these state deliveries utilize federal facilities, supporters of the bill in its present form have insisted upon exemptions from federal reclamation law.

In his statement this week, Haggerty called the attention of California Congressmen to a previous statement sent by the state AFL-CIO to the entire Congress on April 24, 1959, outlining amendments necessary to remove loopholes which would allow vast enrichment of monopoly landholders.

Since that statement, Haggerty said, the Senate passed S. 44 authorizing the San Luis project with one of the key exemption amendments eliminated. Meanwhile, he added, the House Interior Committee has cleared H.R. 7155, containing Section 7, which is the exemption provision deleted from the Senate version of the San Luis bill when Senators Douglas, Morse and Neuber-

ger staged a five-hour debate to uphold the principles of reclamation law.

Emphasizing that none of the language to which the state AFL-CIO has objected is necessary in the bill before the House, Haggerty argued that "the legal framework for cooperative state-federal projects already exists in federal reclamation law . . . and the inclusion of this language can only serve to confuse and confound existing law to the sole advantage of large landholders, some of whom right now are on the verge of evading the aims of reclamation law in the Pine Flat service area."

PINE FLAT SERVICE AREA

In relating the San Luis bill to the efforts on Pine Flat Dam to evade reclamation law, Haggerty said that Secretary of Interior Seaton has offered local districts receiving irrigation water from Pine Flat Dam repayment contracts which would allow them to sidestep compliance with the so-called 160-acre limitation by prepaying the charges allocated for irrigation.

This offering to exchange "policy for cash" by the prepayment doctrine, was labelled as running contrary to strongly expressed legislative intent, and the defeat on two specific occasions in 1950 and 1951 of legislation designed to permit what Seaton is now proposing by administrative fiat.

The pattern of landholdings in the Pine Flat service area shows some 52 farmers owning 196,466 acres of excess lands. In the so-called federal service area of the San Luis project, 66 owners hold about 70% of the project's 450,000 acres.

The AFL-CIO leader pointed out that Pine Flat and the San Luis situations are closely related for two reasons:

(1) The interpretation of law which Seaton falls back on at Pine Flat Dam, he said, is the same as one of the arguments which supporters of the San Luis legislation use to buttress their claim that the federal law cannot be applied to the alleged state part of the project.

The state, it is argued, will be paying its "share" of the project as construction proceeds. Thus, the prepayment doctrine which would free water from regulation once allocated charges are paid, in this

(Continued on Page 4)

California Consumer Association Launching Steps Taken

(Continued from Page 1)

tute and Teacher Union member, temporary secretary-treasurer, to proceed with preparations for the founding convention.

The purpose of the California Consumer Association, a completely non-partisan organization, is to promote consumer interests through the processes of education, representation before administrative and legislative bodies, and the provision of consulting services. It is intended also that the mobilization of consumer interests would be of material assistance in the development of sound consumer programs and representation through the newly-created office of Consumer Counsel in the state.

Those attending the Whitcomb Hotel meeting included most of the individuals who attended the day-long conference on consumer problems, which was held at the University Extension Building in San Francisco.

Participants in the day-long conference, numbering close to 150, heard prominent speakers address themselves to the problems of the consumer.

Doctor Colston Warne, president of Consumers Union in New York, led an opening morning discussion on why the consumer needs protection. Stepped-up activities by the

State Attorney General's office, including creation of a Consumer Fraud Division, was reviewed by Howard Jewel, assistant attorney general.

The noon luncheon session featured an address on how consumer laws work by Persia Campbell, former Consumer Counsel in the state of New York, who gave conference participants insight into the type of problems which would likely confront the new state Consumer Counsel, and also what to expect in the way of accomplishments.

Governor Edmund G. Brown, who was unable to address the one-day session, sent a statement praising the efforts of consumer groups to give direction to the consumer interests of the public, which was read to the luncheon meeting by Dr. Arthur Ross, director of the U. C. Institute of Industrial Relations.

Afternoon sessions were devoted to workshops on the subjects of wages and prices, installment buying and medical care. All conference participants alternately attended each workshop session.

Notable in attendance of the conference on consumer problems, as well as the launching of the independent consumer association, were labor representatives from all parts of the state.

STEEL GIANTS UNFIT FOR SUPPORT APPEAL TO CONSUMING PUBLIC

The industry's corporate giants, who have been virtually robbing the public blind, are hardly in a position to be appealing for public support in their current deadlock with steelworkers, it was charged in a panel discussion on wages and prices at the one-day conference on consumer problems held in San Francisco, Saturday, July 11.

Don Vial, California Labor Federation economist, used the steel industry as an example of big business efforts to find a new scapegoat for inflation in organized labor, now that it is no longer possible to blame inflation on New Deal-Fair Deal policies.

"The consuming public," it was pointed out, "rightfully concerned about inflation, has become the target of increasing business appeals to assess the inflation blame on unions as a means of discrediting and weakening organized labor, and covering up their own inflationary administrative pricing policies."

The Federation economist said that "while labor naturally resents efforts to use the general public as a weapon to discredit and weaken unions, it nevertheless welcomes the idea that the consuming public should be an activated force with a recognized interest in price and wage determination decisions."

But the activated consuming public labor looks to is a conscious and informed one, "not an uninformed, disturbed public that is the easy mark of the motivation manipulators who are at work both in the marketplace and the executive suites of America's corporate giants."

In reviewing the right of workers to share with consumers in the benefits of rapidly increasing productivity, and the efforts of corporate giants with monopolistic powers to pass on wage increases to the public so as to increase profit margins without regard to following unit labor costs, Vial cited the experience of the steel industry.

Steel, he said, is the logical example "because of its present make-believe crusade against inflation, in order to fight off justified union demands based on sharing productivity increases, and failing this, to set the stage for price increases in

their calendar economics game with consumers designed to maintain staggering profit margins."

Conference participants were asked to consider whether the steel industry, which, according to the Senate Sub-Committee on Anti-Trust and Monopoly, administers its prices to break even operating at less than 40% of capacity, "comes to the consuming public with clean hands?"

"An industry with pricing policies that permit returns on capital investment of six and seven percent after taxes when operating at 50 to 60 percent of capacity," Vial said, "hardly needs to be responsive to the public interest in its decisions on production and wage-price relationships."

The following arguments and facts were presented to conference participants:

"Workers in steel have a right to share in output increases per man-hour the same as other workers. In twenty years, the number of man-hours required to produce a ton of finished steel has fallen from 22.1 hours to 11.4 hours. During this same twenty-year period, when output per man-hour rose 87.9%, steel workers real hourly earnings rose only 71.9%.

"While the steel industry was in a position to grant all of its wage increases with little or no increases in prices, it chose instead to raise prices by blaming the union and fattening its profit margin. In the twenty-three times which the steel industry has raised prices since World War II, it has actually boosted the price of steel \$3 for every \$1 increase in worker earnings. Thus, the gap between all payroll costs and steel prices per ton of finished product has increased from \$32 to \$99 per ton shipped between 1940 and 1959.

"The profit picture tells the story of what has been happening. Last year, U. S. Steel operated at its lowest rate of capacity since 1938, and workers suffered the most tragic unemployment in 20 years. Yet net profits after taxes totalled better than \$301 million—the fourth highest in the corporation's history.

"1959 profits promise to be even better, with first quarter after tax

profit annual rate at \$426 million—the highest ever.

"This rate of profit is equal to a return of almost 10c on every \$1 of sales; 13.4% on the company's net worth; and 96c for every man hour worked.

"Since 1940, the market value of a single share of U.S. Steel common stock has increased over 1000%—from \$54 to \$570. Since World War II, steel prices and profits have been pushed up to produce \$3 billion in cash dividends and sufficient 'surplus' profit to finance a substantial part of the \$12 billion invested in new steel plant and equipment.

"To justify high profits to the public while insisting that wages stand still, the steel industry is today arguing that vast profits are necessary to meet expansion costs. Translated, this means simply that instead of 'investors' properly providing funds for capital investment, the lion's share is being extracted from consumers through unwarranted administered price increases and from steel workers through the denial of justified wage increases.

"The happy stockholder is the sole beneficiary of these new methods of accumulating 'costless capital'. Make no mistake about it, that 1000% rise in stock values is not a paper gain. It is backed by real expansion of plant and equipment for which the consuming public and steelworkers are paying the bill under the wage-price-profit relationships that exist today in the steel industry."

Is it any wonder the steel industry has rejected the union's proposal to place the dispute before a fact-finding board?

Affiliates Please Note:

RESOLUTIONS DEADLINE IS JULY 27

All resolutions, except those from statewide organizations meeting between July 27 and August 9, must reach Secretary-Treasurer C. J. Haggerty by 5:00 p.m., MONDAY, JULY 27.

Statewide organizations have until 9:00 p.m., SUNDAY, AUGUST 9, to file resolutions with the secretary.

Late resolutions require two-thirds vote of delegates to be considered.

Resolutions must bear officer's signature or union seal.

FORM 3547 REQUESTED

Industrial Relations Librarian
Institute of Industrial Relations
214 California Hall
University of California
Berkeley 4, Calif.

NON-PROFIT
ORGANIZATION
U. S. POSTAGE
PAID
Permit No. 7085
San Francisco, Cal.

Haggerty Warns Congress of Three-Pronged Attack on Water Monopoly Protections

(Continued from Page 2)

case would free "state water" from regulation.

In answer to this contrived argument, Haggerty commented:

"We appreciate the fact that some supporting H.R. 7155 have accepted the questionable language as the price they must pay to gain support from certain interests in California. We do not doubt the sincerity of these men, but we cannot accept their assurances, and we do not believe that the whole framework of future California water development should be lashed to their political commitments."

(2) Haggerty also pointed out that Pine Flat and San Luis issues are closely related because "many of the same corporate interests who hold huge acres in the Pine Flat service area, also have giant holdings in both the state and federal service areas of the San Luis project which is right next door."

STATE WATER LEGISLATION

In relating the state water fight to the entire situation, Haggerty said that some supporters of H.R. 7155 are taking a "let George do it" attitude in regard to anti-monopoly and anti-speculation controls. "Rather than assert federal authority," he said, "they apparently maintain the fiction of an independent state project, succumb to the lure of state's rights, and design language which limits, and in part, repeals federal authority."

Haggerty continued, "We are told that the provisions in the San Luis bill for state participation relate to an entirely independent project, and that the federal project cannot enforce its regulations. We do not know of any lateral barrier being planned in the San Luis dam that will separate federal water from state water and prevent the latter from touching federal concrete."

The full significance of this argument, Haggerty pointed out, is revealed by the action—or more ac-

curately the inaction—of the California legislature.

"The history of the California legislature is consistent in efforts of the body to evade the application of federal reclamation law to California projects," according to Haggerty, who added:

"This history dates back to the period when the federal government assumed the responsibility for construction of the Central Valley project, and specifically, to 1944, when the legislature adopted a resolution memorializing Congress to adopt the Elliott rider to the Rivers and Harbors Act, designed to remove the application of the excess lands law to the Central Valley project."

In the failure of the California legislature to secure exemptions for monopoly landholders in federal law, the legislature was depicted as leaving the door open for these monopoly forces to use the state as a vehicle for undoing federal reclamation law.

Haggerty summed up the California situation as follows:

"This year several important water measures were passed by the California legislature. None of them, however, contained any type of acreage limitation or public power preference. The most important measure was the passage of SB 1106, the Governor's \$1.75 billion bond issue program, which will be submitted to the voters next fall. Unsuccessful efforts were made in both houses of the California legislature to incorporate anti-monopoly protections. The amendments were not supported by the state Administration or the sponsors of the bill. During debates, claims were made that this was not the time to consider protections against enrichment and monopolization of benefits. A later date was suggested—some vague later date before water delivery. Those of us familiar with the evasions at Pine Flat Dam and

the history of the Central Valley project generally, find it difficult to be convinced by such vague assurances.

"Further, we are not unmindful of the decision of the California Supreme Court which upheld the efforts of monopolists in this state to undo reclamation law. While the U.S. Supreme Court reversed the state court decision in the application of the 160-acre limitation in the Central Valley project, there is no assurance that anything short of a state constitutional amendment, requiring two-thirds vote in the legislature, would prevent the invalidation of a state acreage limitation."

In calling upon Congress to close the door to monopoly control, Haggerty concluded:

"The decisions immediately before Congress will give direction to the future growth of California for years to come. We in California labor place our trust in the men of vision and integrity who are our elected representatives to make the decisions which will ensure the development of California's water and power resources in a manner consistent with the widest possible distribution of the benefits of such development."

Urge Affiliates' Support Effort to Reduce Traffic Deaths

(Continued from Page 1)

vision of the National Safety Council has offered to send kit materials which would be useful to affiliates.

C. J. Haggerty, secretary-treasurer of the California Labor Federation, said in San Francisco that labor's efforts to reduce traffic accidents on Labor Day are not intended in any way to detract from the proper celebration of this working man's holiday. Rather, it is an effort to ensure that trade union members will arrive safely at the festivities, and return home safely.