

Jobless at Postwar Record for Season

Unemployment rose seasonally in November by 452,000. This carried the jobless total to 4,031,000—a postwar record for the season, the U.S. Labor Department reported.

Seymour Wolfbein, the Department's manpower chief, projected unemployment to 5,300,000 by February, if the economy maintains its present course.

Unless business turns up in the spring, he added, the number of people out of work "could come close to 6 million by May and certainly by June."

Total employment in mid-November, down some 308,000 from October, was placed at 67,182,000.

In manufacturing, 146,000 jobs were lost as the employment total dipped to 16,192,000. The job shrinkage was twice the normal amount for the month, the Labor Department said in its monthly report on the employment situation.

Commenting on the drop in manufacturing, where layoffs have been wiping out jobs for many months, the Department said:

"Employment declines, which had

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IWC GETS FARM MINIMUM WAGE RECOMMENDATIONS

Although divided over the level of minimum wages and maximum hours, the majority of a state agricultural wage board this week submitted recommendations to the Industrial Welfare Commission calling for Commission action on behalf of women and minors in agriculture.

The eight employee representatives on the board submitted recommendations and evidence supporting a \$1.25 hourly minimum and an 8-hour day.

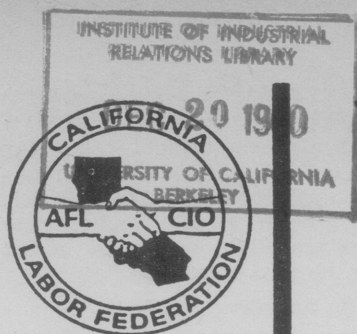
Under this proposal, time and one-half would be paid in excess of the 8-hour limit and double time for all hours in excess of 12 per day. Time and one-half was proposed for the sixth day and double time for all work after the sixth consecutive day.

The "swing vote" in behalf of establishing some minimum levels of protection came from board chairman Daniel G. Aldrich, UC's Dean of Agriculture. While Aldrich limited his endorsement to a minimum wage of between 80-90 cents and a straight 9-hour day limitation, his decision to make a recommendation on wages and hours was a tribute to the overwhelming evidence produced by employee members of the board in pressing for action.

In his statement backing an 80-90 cent minimum wage, Aldrich declared:

"This, of course, is not assumed to be

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THOS. L. PITTS
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Union Leaders Probe Economic Growth Problems

More than a hundred union leaders from various parts of the state last week spent four days probing the full scope of America's growth problems.

Participants in the Federation-sponsored education conference at the Hilton Inn, San Francisco, heard key figures at the conference's opening sessions declare (1) that America must set its economic goals, (2) that public investments must be brought into better balance with private investments, and (3) that the added stimulus in the 60's to maintain a proper rate of growth and full employment must come from government expenditures to catch up with a backlog of unmet social needs of the people.

The speakers were Leon H. Keyserling, former chairman of the President's Council of Economic Advisors under Truman; Robert A. Gordon, UC Professor of Economics; and Stanley H. Ruttenberg, AFL-CIO Director of Research.

The three opening session speakers on general economic themes were followed by more than two full days dealing with specific areas of the growth problem, i.e., social security, collective bargaining and consumers protections, and a careful look at the changing role of private investments in the economy.

Keyserling Opens

This outspoken critic of present economic policies urged conference participants to grasp the full scope of economic growth as embracing "the sum total of our economic goals." America must first set its national goals, Keyserling said, adding:

"We must grow at the rate of at least five per cent a year to be true to ourselves; not to compete or keep up with Russia."

Spelling out the inadequacy of economic growth during the Ike years of our "roller coaster" economy, Keyserling said we are now in our fourth postwar recession and third since the Eisenhower Administration assumed office.

Real unemployment, he said, today stands not at the 5% reported by the Census Bureau, but a full 8% when the partially unemployed are added. The unemployment rate in total resources lying idle is from 12% to 15%, Keyserling added.

Delegates explored the total problem through a series of seven detailed charts from which Keyserling spoke. The following are some of the highlights:

—The one percent growth in our labor

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CHRISTMAS MESSAGE

—THOS. L. PITTS

Christmas will be celebrated in many parts of the world—in some areas within the true spirit of the "brotherhood of man," and in still other areas as a purely commercial venture.

It behooves the trade unionist, wherever he may be, to grasp the significance of Christmas in its close relationship to the very purpose of the trade union movement.

As a movement, we are dedicated to the brotherhood of the working man, to the elevation of his conditions of life and labor in this world.

We rightfully take pride in our achievements for organized workers, but we can hardly rest now on our accomplishments or look to the year ahead with any real satisfaction.

The most elementary figures show clearly that union membership is not keeping pace with the growth of the labor force. Between 1950 and 1959, union membership in California increased from 1.3 million to 1.7 million—a jump of 30 per cent. But union membership as a percentage of the total work force

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force each year, plus a 3-4% increase in efficiency each year means that the growth in total national production must be about 5% a year.

—The average 2.5% annual growth actually experienced since 1953 under the Ike Administration has cost the nation some \$218 billion in lost production since 1953. This has meant a loss of 15 million man-years of employment, totaling \$129 billion of lost wages and salaries. The average family cost of this idleness has been a total of \$3,500 which would have been enjoyed to improve living standards.

—During this same 1953-59 period of less than adequate growth, private business investments were \$51 billion too low; private and public consumption were \$151 billion too low. Farm operators lost \$37 billion in added income; unincorporated business and professional groups lost \$10 billion in income.

—Looking ahead to the next five years, Keyserling said a proper rate of growth would yield \$454 billion more in total production than the present low rate of growth. This would mean a difference in 23 million man-years of employment which would otherwise become unemployment.

—At the higher rate of growth in the next five years, average family income would be \$6,260 higher; total personal income, \$361 billion higher; total wages and salaries, \$250 billion higher; farm operators' income, \$61 billion higher; unincorporated business and professional income, \$21 billion higher; dividends, personal interest and rental incomes, \$4 billion higher.

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been confined to primary metals and transportation equipment earlier this year, extended to other industries in November."

As a percent of the labor force, and adjusted for seasonal variation, the jobless rate was placed at 6.3 percent—about the same as the 6.4 percent for the previous month. The new rate was the highest for any November since the 6.5 percent in 1949.

Wolfbein said he did not regard the small drop in the rate as significant enough to indicate any turning point in the jobless picture. "What is significant, I think, is that the rate of unemployment is above 6 percent for the second straight month," he commented.

The number of long-term unemployed—those people out of jobs fifteen weeks or more—remained almost unchanged at approximately one million—about one-fourth of the total unemployment.

—Growth also would yield higher tax collections to federal, state and local governments to pay for larger expenditures. Economic growth at the higher rate would produce \$120 billion in added taxes over the next five years.

More Public Spending Needed

In follow-up session, Gordon and Ruttenberg stressed the larger role of government investments and activities in a properly expanding economy. Both agreed on the general areas of these needed expenditures: educational facilities and services; housing for the low and moderate income groups; urban growth problems, including planning for growth, redevelopment of the deteriorating "core city", rapid transit systems and other transportation problems; establishment of more health care facilities, better and more health care and mental health services; basic resource development, including water and others.

Gordon placed particular emphasis on the need for a higher ratio of government investments to private investments, stressing that many of our most basic unmet needs at this time require public investment decisions by governments.

Ruttenberg, on the other hand, called for the larger public role as an added stimulus needed in the economy to increase the purchasing power position of consumers and also favorably influence the private sector of the economy toward expansion.

Reviewing the causes of recent recessions and mounting unemployment levels, he noted a declining rate of increase in consumer buying power, whether measured in terms of wages, per capita income or spendable factory earnings.

The added stimulus to the economy that in the past has come at various times from new industries or other factors, in the 1960's must come from increased government expenditures designed to catch up with the unmet social needs which have been sidetracked by war, the depression and the inflation scare of the Eisenhower Administration.

Ruttenberg said there is no extra industry stimulus for the economy on the horizon for the 60's, as steel gave the economy in the first 10 years of this century or as auto and other mass production industries gave the economy in the 20's.

In the long-run, Ruttenberg added, there would be no tax problem arising out of the increased government expenditures. With a proper rate of growth our total national production would increase from about \$500 billion in 1960 to about \$800 billion in 1970. This \$300 billion increase, he said, would produce an additional \$60 billion a year in taxes at present rates.

In the immediate period ahead, if the recession continues to develop as it is, Ruttenberg said some immediate deficit

Minimum Wage Recommendations

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a 'fair' wage. It is, in keeping with the Commission's terms of reference, to be regarded as a floor rather than a 'normal' or 'desirable' level."

In recommending that employment of women and minors be limited to 9 hours daily, Aldrich stated that permitting employment for longer hours would be inconsistent with health and welfare considerations.

Grower representatives submitted no recommendations as to wage and hour regulation. They contended that there was insufficient factual material before the board to warrant issuance of any order. Grower spokesmen intimated that any Commission order dealing with agricultural wages and hours would be fought in the courts.

The Commission received the conflicting recommendations on December 15. It set hearing dates on the issuance of an agriculture order for February 1 and 2 in Los Angeles; February 3 and 4 in San Francisco.

spending may be necessary and possibly even a tax cut to improve the lagging consumer purchasing power situation.

Other Sessions

The Tuesday afternoon session on economic security problems heard UC Professor Earl F. Cheit declare flatly that the cost of making present worker security programs adequate would be so small a portion of our national product as to be no barrier whatsoever.

The real barriers, according to Cheit, are not financial, but arguments that these programs are harmful to the individual who is supposed to benefit. As examples, he pointed to arguments that increases in workmen's compensation and unemployment insurance would encourage "malingering" among individuals, and destroy their desire to work.

Cheit pointed also to the AMA's opposition to health care for the aged under social security. He said the doctors have come a long way in accepting the cost of providing the care, but their main opposition remains that health care as a matter of right for the aged person would somehow harm his character.

In charts used for his presentation, Cheit pointed out that the portion of federal, state and local government expenditures going for the broad category of social welfare has remained about the same in the past 25 years.

James Stern, UAW economist from Detroit, came closest to home for conference participants in a Wednesday morning session on collective bargaining problems that can be expected in the years ahead.

The articulate economist placed great

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CHRISTMAS MESSAGE

—THOS. L. PITTS

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in the state has declined from 43 per cent in 1950 to 37 per cent in 1959—a loss of 6 percentage points in relative strength.

Yet, basic challenges—those vitally affecting our brotherhood—lie on the visible horizon.

Automation, a promise for the abolition of poverty and the attainment of new heights in living standards, is fast becoming an integral part of our technological advancement. By these innovations we may ask: Will we be permitted to share the new leisure, the higher working standards and the increased product of industry, or will we be forced to share unemployment among our brotherhood?

This Christmas we are experiencing the fourth recession of the postwar period, and the third since 1953, when President Eisenhower took office. Making allowances for partial unemployment, the current 6.3 per cent rate of unemployment is closer to 9 or 10 per cent in terms of real unemployment.

Those in the leadership of the nation who claim adherence to concepts of brotherhood have an obligation to apply their beliefs in the sharing of abundance, rather than human misery. They have an obligation to pursue policies which will ensure a proper rate of growth and a fair distribution of the product of our society.

There is no more room left in this world for those who must win their security by treading on the insecurity of others through discriminatory practices based on religion, nationality or any other anti-brotherhood behavior.

The tragedy of the rioting against integration of our schools in Louisiana rests, not alone in the shameful incidents, but in the fact that many claiming adherence to Christian principles can participate in such shocking behavior and still live with themselves when they go to church. It is even more shocking when the hard core of opposition to integration comes from church groups claiming allegiance to the "brotherhood of man."

Equally shameful is the amorality of a public conscience that sanctions dual standards of public policy in laws designed to protect human beings from exploitation. Such dual standards exist in our own backyard in the law of the land and in California, where almost all public protections have been withheld from agricultural workers and their families.

The existence of almost inhuman work conditions among farm workers is an ever present reminder to the labor movement of the work that remains ahead. The labor movement cannot be true to its purpose this Christmas and 365 days a year, as long as one worker remains the forgotten stepchild of our social structure.

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est emphasis on the organization job ahead into the so-called white collar and technician employment field, pointing to (1) the declining portion of organized workers that has resulted from the failure of organization work to keep pace with labor force growth, and (2) the steady shift in employment away from production workers into the white collar or technician field, even within the declining manufacturing sector of the economy.

In the face of this weakened position of organized labor, there is the growing problem of keeping wage bargaining apace with cost-of-living and productivity increases. Stern warned this will become an even bigger challenge in the years ahead as labor force trends continue and as industry drives to undermine all collective bargaining advances as inflationary.

Stern advised union leaders to find out what services appeal to the 26 million young workers who will enter the labor force in the next 10 years—and then seek to provide them to do the organizing job necessary.

As areas of growing emphasis and problems in collective bargaining, Stern mentioned severance pay, retraining, shorter hours, determination of amounts that should be allowed to go for supplementing deficient government programs, and others.

On the subject of consumer protection problems, Stanford Professor **Ted Kreps** substituted for Consumers Union's Mildred Brady, who was unable to make the trip to California.

Kreps blasted the "administered pricing" practices of industrial giants who are milking the public by operating under high prices which yield a profit even when operating at less than half of capacity. Specific reference was made to this weapon the steel giants have over consumers and the union when they can administer high prices which enable them to break even when operating at 40 per cent of capacity.

The Stanford professor stressed also the need for proper protection of product quality, labeling, and weights and measures. Likewise, he pointed to the many areas in which consumers themselves can stretch their pay checks by availing themselves of consumer counseling, educating themselves on marketing practices and consumer financing.

The state's Consumer Counsel, Helen Nelson, talked briefly to conference participants in discussion session on the functioning of her office. She was bombarded by questions on how labor could help her in her job.

The changing character of private investments in the economy was covered by **James Longstreet**, U.C. Professor of Finance.

The role of so-called institutional investors, he said, has increased to the point that 80 percent of savings are today being channeled into investments through institutions such as insurance companies, investment companies, non-profit institutions, pension funds, common trust funds, mutual saving banks.

N.Y.S.E.-listed stocks held by institutional investors have increased from \$9.5 billion to \$51 billion over the past ten years. The market value of assets owned by corporate pension funds has doubled over the last five years. The assets of all public and pension funds over the past ten years have increased from \$37.5 billion to \$95.3 billion.

With the growth of institutional investors, Longstreet warned that there has been a significant change in capital markets, a tendency toward dealings in larger blocks, and more and more direct sales between the large institutional investors and large companies, thus sidestepping the stock market. With the growth of large holdings of institutional investors in large corporations, the use of normal channels in shifting portfolios has been greatly reduced.

Reviewing investment practices of negotiated pension funds, **Carroll Lynch** of the Martin E. Segal Company pointed to \$27.2 billion worth of reserves in self-insured pension funds as being of particular interest to labor.

In the years ahead, Lynch said we can expect that the reserves of pension funds will increase to about \$77 billion by 1965 and should pass \$100 billion sometime after 1970.

As to control over this amount of capital for investment, Lynch said that most of the money is in company-controlled pension funds—"only about \$2 billion is in the reserves of multi-employer funds, union-administered funds, and nonprofit organization funds. To date, a comparatively small portion, perhaps as much as 10 percent is held by jointly established, union-management, trust deed funds."

Lynch said, however, that this does not exhaust labor's interest and influence in the rest of the reserves, because a good part of the money is held by company-controlled funds established through collective bargaining agreements.

Lynch noted that the big push today in pension fund investments is into the stock market. Last year, one half of the net income of all pension funds was invested in common stocks, according to Lynch. Most of the pension funds' equity holdings, he noted, are grouped among 250 "blue chip" issues.

Lynch said the decision to buy, and what to buy, generally is not made by lay trustees of a self-insured pension plan. An estimated 35 percent of reserves are handled and invested by

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FORM 3547 REQUESTED

GROUP LEGAL PRACTICES HIT

A special State Bar committee on group legal services has issued a report placing far-reaching limits on the provision of such group services through labor unions.

All of the following group practices were found by the committee to violate either some of the "canons of ethics of the American Bar Association," or some of the "rules of professional conduct of the State Bar of California":

1. Groups advertising the advantages of membership in an organization by reason of the availability to the individual of legal services from the attorney for the organization.

2. The funneling or channeling of cases affecting the individual members of an organization to the attorney representing the group.

3. Furnishing of legal services as a courtesy to the individual member of a group by the attorney representing the group as a means of building good will and developing future business.

Although the committee frowned on any kind of prepaid group legal services, it appeared to be most concerned about group services that permit the channeling of potentially lucrative cases to the attorneys providing the group services, as for a union.

The committee report speaks of "deliberate coercion" in such channeling "even to the extent of causing substitution of the attorney representing the union for the attorney chosen by the union member applicant to represent him..."

The state committee found that "there are adequate services available at a reasonable cost," and recommended that the Board of Governors amend the rules of professional conduct by adopting the following resolution and submitting the same for approval of the Supreme Court:

"BE IT RESOLVED, That the Rules of Professional Conduct of the State Bar of California be amended by adding thereto the following:

"Rule 19. The professional services of a member of the State Bar shall not be controlled or exploited by any lay agency, personal or corporate, which intervenes between client and lawyer. The responsibilities and qualifications of a member of the State Bar are individual. He should avoid all relations which direct

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banks; buying where told to buy only in ten percent of the cases.

"The public image of unions as centers of daring economic thought can never be proved by examining a union's own investment portfolio," Lynch said.

One problem of particular interest to union members, he added, has to do with the voting of stocks held by pension funds. Lynch pointed out that most funds allow the bank or the institution acting as their fiscal agents to handle voting rights also. Their voting habits were described as being "automatically" in agreement with management.

As the number of union-trustees increases, Lynch said, they will be faced with the problem of showing greater interest in how their shares are voted. But now, by and large, "unions are not interested in day-to-day investment operation of the funds in which they are represented."

As to new areas of investment, Lynch noted increasing investments in the insured residential mortgage field, combining "social purpose" with "adequate yield."

At present, self-insured private pension funds have only \$600 million invested in mortgages of any kind—about 2.2 percent of their assets.

"Social Purpose"

The role of "social purpose" in trade union-controlled investments was the emphasis at the closing afternoon ses-

the performance of his duties by or in the interest of such intermediary. His relation to his client should be personal, and the responsibility should be direct to the client. Charitable societies rendering aid to the indigents are not deemed such intermediaries.

"A member of the State Bar may accept employment from any organization, such as an association, club or trade organization, to render legal services in any matter in which the organization, as an entity, is interested, but this employment should not include the rendering of legal services to the members of such organization in respect to their individual affairs, unless such affairs shall directly relate to a subject matter which will affect the organization as an entity or they shall relate to a matter in which the organization has assumed the obligation and duty to represent the individual members because of a bargaining agreement affecting their employment."

sion of the four-day meet. Harry Polland, San Francisco labor economist, told conference participants that monies in union reserve funds must not only be wisely invested, but should be put in projects that will "specifically serve the union members and the community."

Noting that the AFL-CIO Executive Board this year voted to establish an Investment Department to guide unions, Polland said, "the test of any union venture is not net profit but the way funds are put to use."

By and large, he added, unions should relinquish their ultra-conservative investment practices, and begin looking where their funds can be put to use in housing, health care facilities, and other investments, which will help accomplish some of the purposes of labor unions.

These motions were the subject of intensive discussion in a panel consisting of, in addition to Polland and Lynch, Richard Liebes, research director, Building Service Employees, San Francisco, and Dan Johnson, economic consultant, Los Angeles.

Automation Conference Set

An educational conference on automation is being planned by the Los Angeles County Federation of Labor for January 13-15, 1961, at the Statler Hilton, it has been announced by W. J. Bassett, secretary of the Los Angeles County AFL-CIO.

The automation meet spans three days, commencing with a Friday evening dinner and a speaker to give a broad background on the subject of automation. President C. A. Beirne of the Communications Workers has been engaged for this opening session.

On Saturday, a technical analysis of automation will be featured, with viewpoints being expressed by a technician, an economist, and a representative of organized labor. Saturday afternoon is planned entirely for small discussion groups, followed by a plenary session to hear a summary of the discussion groups.

The conference will conclude on Sunday with a panel discussion starting at 9:30 a.m. on the subject of "meeting the problem of automation." Intended to be geared to present experiences and constructive suggestions, conference participants will hear from representatives of labor, management, government, and a sociologist. Twelve noon has been set for adjournment on Sunday, following a conference summation at 11:45 a.m.