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Consumer Protection

Action Urged on Drug Industry Abuses

Organized labor has called upon Congress to aid "captive consumers" of prescription drugs through legislation sponsored by Senator Estes Kefauver, designed to eliminate documented industry abuses.

(The proposed legislation is S. 1552, which is also being actively supported by the Association of California Consumers—representing hundreds of thousands of organized consumers in the state from labor, credit unions, cooperatives, home economics groups, as well as aroused individual consumers from all walks of life.)

Organized labor's backing of the Kefauver bill was detailed before a U. S. Senate anti-trust subcommittee last week by AFL-CIO legislative director Andrew J. Biemiller, who inserted in the record a comprehensive resolution on consumer protection adopted by the recent AFL-CIO convention.

On the explosive drug issue, the convention called on Congress to enact legislation to "bring down the high price of prescription drugs, combat misleading advertising by drug companies and improve the safety and usefulness" of drug products.

Biemiller testified that labor has followed the investigations of the anti-trust subcommittee into drug abuses "with interest, shock and concern" and reported the AFL-CIO convention's findings in these words:

"The most glaring of the consumer interest issues... is that of the high price of prescription drugs, based on monopoly patent rights, restrictive licens-

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Industrial Safety Meet Feb. 8-9; Brown to Speak

Governor Edmund G. Brown will be the featured speaker during a luncheon at the opening day of the Governor's Industrial Safety Conference, which will be held at the Fairmont Hotel in San Francisco on February 8th and 9th.

John F. Henning, Director of the State Department of Industrial Relations, and presiding chairman of the Conference, issued the conference announcement this week.

Some 1,400 representatives of management and labor, and other individuals and organizations concerned with on-the-job safety in California, will attend the annual two-day session.

The Conference, which represents every occupation and industry in California, meets annually to achieve possible reduction of work injuries and deaths.

Geo. A. Sherman, Chief of the Division of Industrial Safety, will serve as Conference program chairman. Sherman said the Conference

will open at 10 a.m. February 8th with a panel discussion.

The afternoon of the first day and the morning of the second day will be devoted to separate meetings of the eight major-industry groupings that make up the Conference: Agriculture; Construction; Forest Products; Governmental

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Simplified L-G Short Form

The U. S. Labor Department has announced a new and simplified "short form" for labor organizations which must file financial reports every year under the Landrum-Griffin law.

In California, it is estimated that a substantial portion of labor organizations which must report would be eligible to use the new short, one-page form.

These are labor organizations whose total receipts, regardless of source and without any exceptions, were less than \$30,000 in the twelve-month period covered by the report. A second qualification for using the short form is that the labor organization not be under trusteeship at the end of its fiscal year.

Formerly, the nation's 52,000 unions required to report could use a short form financial report only if their receipts were under \$20,000.

The Bureau of Labor Management Reports is conducting clinics from now until April to aid union officials in using the new and simplified form correctly. In addition, BLMR staff are available for consultation at the San Francisco and Los Angeles headquarters of the Labor Department agency.

White Collar Organizing Key to Union Growth

The seeds of employment growth—and of union membership growth—are largely in the white collar fields, according to AFL-CIO Research Director Stanley H. Ruttenberg.

This is the conclusion reached in an analysis of broad job and union growth data significant for organizing policy, highlighted in an article in the December issue of the American Federationist as the monthly "Collective Bargaining Report" of the AFL-CIO Research Department. Ruttenberg's analysis was originally prepared for an AFL-CIO General Board meeting last October.

The following figures tell the story:

Between 1930 and 1945, union growth kept pace with employment growth, although this was a coincidence — the higher union membership came from those already in the work force and not from new workers. But between

1945 and 1960 the number of workers increased by 10 million more than the number of union members.

"Unions can provide an effective helping hand so white collar employment growth can be translated into improved employe dignity and well-being and a meaningful employe voice in determining conditions of work," Ruttenberg adds in his conclusion.

He points out that while the changing composition of employment has created problems for

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Key to Union Growth

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union organizers in the past, it may create "even greater problems in the future."

The most significant shift, he notes, has been from mining, transportation, manufacturing and construction industries to government, trade, services and finance industries. Historically, he recalls, most union membership growth has been in the blue collar jobs.

"This means the most rapidly expanding employment is in sectors of the labor force where union strength is the lowest," Ruttenberg says, adding: "The statistics on employment growth trends in the white collar areas make it clear that if organized labor is to continue to grow and expand with the changing labor force, substantial organizing progress must be made in the white collar sectors."

Consumer Protection

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ing agreements, brand-name promotion and vast outlays for advertising."

The basic problem, Biemiller told the subcommittee, is that the consumer is in a "uniquely helpless position" because his choice of a drug is narrowed to what the doctor prescribes.

Asserting that the \$2.5 billion prescription drug industry resembles a public utility in that the patient cannot shop for the best buy, but must pay the asking price, he said the industry cannot expect to operate solely as a "commercial money-making operation," but must accept more controls and special "ground rules."

Biemiller said the AFL-CIO accepts the conclusions in the majority report of the Kefauver subcommittee as to the "enormous profits" the industry has been able to reap, the "startling difference" between drug prices in this country and abroad, the rigid prices on drugs sold only by one group, and the "extraordinary difference in prices" of drugs sold under brand names and those sold under unknown brands or by a generic name.

The witness expressed general agreement with the remedies proposed in Kefauver's bill:

- Ending exclusive monopolies after three years while permitting patent holders to have royalty rights for 14 years.
- Requiring manufacturers to put generic names on drugs that are "genuinely descriptive and reasonably simple."
- Giving power to the Secretary of

International Brotherhood in Eureka

A new form of international unionism has been extended to Eureka, in Humboldt County, it was recently announced by George O. Faville of the Humboldt-Nel Norte Central Labor Council.

The Humboldt area's "newest union" is the Eureka branch of the Transport General Workers Union of Tanganyika, East Africa, whose application for affiliation has been officially accepted by the 50,000-member affiliate of the Tanganyika Federation of Labor.

The new "affiliate" of the African labor body was formed in Eureka during the visit of brother Alfred Tandau, when local labor leaders in the area expressed the opinion that a good way to cement relations between unionists of the two countries

Assemblyman Hicks' Death

The sudden death of Assemblyman W. A. "Jimmy" Hicks (Democrat, 8th Assembly District) rocked the state capital last week when the popular, liberal legislator from Sacramento died in his sleep last Friday from a heart attack.

Labor leaders, legislators and hundreds of public officials and employees mourned his death at funeral services in Sacramento this Tuesday.

Hicks was completing his first term as Assemblyman from the capital city, having been overwhelmingly elected in the 1960 general election. At the 1961 session of the legislature he established himself as an able and effective legislator with a perfect labor voting record.

Prior to his election to the Assembly, Hicks served as assistant director of the State Department of Employment from 1953-1958. In his long public career, he was also Mayor of the City of Sacramento, a long-time member of the City Council, and former editor of the **Sacramento Valley Union Labor Bulletin**, official publication of the AFL-CIO movement in the area.

Health, Education and Welfare to settle any dispute about drug names.

• Cracking down on "costly and misleading" drug advertising and warning on side effects of drugs.

Biemiller reported AFL-CIO calculations that total labor costs in the drug industry are less than 10 per cent of manufacturers' selling prices.

would be to "join" the African body.

Brother Tandau, visiting Eureka under the U. S. State Department's cultural exchange program, said at the time that acceptance of the application for membership would be conditional on approval by his international. In December he sent back word that the application had been favorably received, and that under separate cover, a charter and membership cards and buttons were being sent to Eureka.

Some 30 Humboldt unionists will comprise the membership of the Eureka branch of the African Federation. Once its "charter" is received, the "new union" will be formally installed with the election of officers and the establishment of a schedule of meetings. The African affiliate will undertake various projects to work for a realization of the objectives of trade unionists the world over.

Retail Clerks' Dental Plan

Some 9,700 retail clerks and their dependents, totaling about 20,000 persons, have been extended prepaid dental care as of January 2, 1962 under an agreement negotiated between the California Dental Association Service and the Northern California Retail Clerks-Employers Trust.

Geographically, the prepaid dental care plan covers eight Bay Area counties; San Francisco, Alameda, Contra Costa, Santa Clara, San Mateo, Napa, Solano and San Benito.

The California Dental Association Service is a non-profit organization sponsored by the California Dental Association and the Southern California State Dental Association.

The Retail Clerks' prepayment plan provides covered patients with free choice of dentists and features a 70-30 co-payment factor—the CDAS pays 70 percent of the cost and the patient the remaining 30 percent. All restorative and preventive services are covered, but orthodontics and cosmetic dentistry are not included as benefits.

A monthly premium for the union member and his family, representing 5 cents per work hour, is paid by the trust fund under the negotiated agreement.

Gov. Brown's Social Welfare Program Takes Effect

Governor Edmund G. Brown's far-reaching program for the liberalization of social welfare programs, enacted by the 1961 session of the state legislature, went into effect on January 1, 1962.

J. M. Wedemeyer, Brown's social welfare director, has described the improvements as the "most comprehensive" for the needy people of California "since the passage of the federal Social Security Act in 1935—over a quarter century ago."

Here is a brief summary of the advancements which are now effective:

BASIC AID GRANTS

Aid payments have gone up for the aged, blind, and disabled. In addition, provision is made for annual cost of living adjustments to be determined by the State Social Welfare Board.

The changes in each category are as follows:

Old Age Security (OAS). The basic aid grant for the aged is increased \$5 to \$101. (A special \$1 increase was granted by the federal government on October 1, 1961.) The new top for persons with special needs is boosted from \$115 to \$166.

The effect of these changes will vary depending upon each recipient. Almost all will receive some increase. Depending upon individual situations, the amount will vary up to \$50. This is due largely to complex shifts within the grant formula which relate to the recipient's needs and income. For example, allowances for diet supplements are being eliminated as special needs because part of the boost in the basic grant is earmarked for food budget.

Long-term hospital and nursing home care is also being removed from the special need category. The expansion of the medical care program is slated to serve these people.

Aid to Needy Blind (ANB) The basic minimum allowance for persons on blind aid is raised to \$117.80. This represents an increase of \$2 under the new state law and an 80-cent boost allowed by the federal government on October 1, 1961.

The \$2 increase reflects a cost-of-living gain for the two years since January 1, 1960. Shifts in the special need categories are similar to those outlined for the aged program.

Aid to Totally Disabled (ATD) The legislature also changed the grants for persons on aid to totally disabled, but in a slightly different way.

The law was amended increasing the average grant statewide from \$98 to \$100, and to allow for some new special needs, such as restaurant meals, transportation, and diet supplements. This means all of the individual grants combined cannot exceed an average of \$100 after January 1, 1962. The average grant at present is running about \$88 but this is expected to rise to \$99 next year.

A limit of \$106 is retained on the

basic needs of disabled recipients—\$76 to everyone, plus housing costs up to \$30. Among the special needs is provision for attendants to care for disabled recipients who have no one to assist them. These additional costs usually average about \$70 per month.

MEDICAL ASSISTANCE FOR THE AGED (MAA)

In 1960, the United States Congress authorized an expanded program of medical care for the aged on a public assistance basis, after rejecting the labor-supported Forand bill. A boost in federal funds was made available to the states on a matching basis.

This new social welfare program, carried through the 1961 legislature as SB 325 by Senator Joseph A. Rattigan (D-Santa Rosa), pays for the cost of hospital and nursing home care as well as related medical services for those aged persons who are unable to finance their own care.

As of January 1, 1962, the program provides:

1. Payment of medical expenses after the first 30 days for persons in hospitals and nursing homes. Patients in TB or mental institutions are not covered.
2. Patient's free choice of hospital, nursing home, physician and other providers of services.
3. No liens on the patient's property.
4. Payments to facilities and providers of service will be made at the same rates allowed by other government programs as of October 1, 1961. During the first six months of program operation (January 1-July 1, 1962), a study will be made of the rate allowances.

The eligibility requirements for benefits under the program are:

1. Age 65 or older.
2. Residence in California.
3. Average monthly income over the next 12 months is not expected to exceed the costs of the person's medical care, plus (a) personal and incidental expenses, (b) home upkeep and maintenance, and (c) payment on certain debts.
4. Not more than \$1200 in personal property.
5. No real property (other than home) with assessed valuation above \$5,000.
6. Not a recipient of State Old Age Assistance.
7. Requiring confinement more than 30 days (no cost of care is paid for first 30 days' confinement) in a facility holding a valid license from the State Department of Public Health as a hospital or nursing home, and meeting standards of service prescribed by the State Department of Social Welfare.

Estimates for the first full year of operation (1962-63) show an anticipated caseload of 60,000 persons receiving some benefits under this program.

RESPONSIBLE RELATIVE LAWS

Considerable modification was made in the law setting responsibility of relatives to contribute to the support of parents receiving State Old Age Assistance.

As of January 1, 1962, only those children with sizeable monthly incomes and few dependents are required to contribute.

For example, a man with no dependents before January 1, 1962 was required to contribute support when his income (after an allowance for taxes) was \$201 a month or more. Under the new law, his net income must exceed \$401.

Another example: A man with a wife and two children was required to furnish support when his net monthly income was over \$401. Under the new law his net income must exceed \$1001 before he is required to offer contributions.

Before the changes some 40,000 relatives contributed support money for parents on state aged aid. It is now estimated that only 9,000 relatives have incomes requiring contributions.

The responsible relative law change was one of the key items of Governor Edmund G. Brown's 1961 legislative program. It was passed in legislative bills introduced by Senator Richard Richards (D-Los Angeles) and Assemblyman Jesse M. Unruh (D-Los Angeles).

The program is aimed at helping the adult children meet the obligations of their own families by relieving them of the burdens of caring for aged parents. During a period of high living costs and educational expenses, many of these young families are experiencing difficulty in meeting their own financial needs without the costs of supporting a parent.

CITIZENSHIP

Approval of AB 5, authored by Assemblyman Phillip Burton (D-San Francisco), paved the way for elimination of the requirement that recipients of aged or disabled aid in California must be United States citizens. This change, now effective, is expected to add some 8,000 more persons—most of whom are long-time state residents—to the public assistance programs.

Since 1935, federal law, as well as the laws of most other states, has included coverage of noncitizens under the Social Security Act. During these past 25 years, California has remained the only important industrial state to restrict noncitizens from the public assistance programs.

LIMITS REMOVED ON PROPERTY VALUE

New legislation removes all limitations on the value of a public assistance (aged, blind or disabled) recipient's property which is used as a home. Here-

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Mosk Issues Opinion on Contractors' Licensing Bill

Under the provisions of AB 2134 (Hanna), enacted by the 1961 session of the legislature, a contractor's license under suspension must be renewed annually, but a bond need not be posted until the removal of the suspension.

Attorney General Stanley Mosk issued the ruling this Thursday in an opinion declaring further that any individual member of a licensed entity which has been disciplined is required to file a bond on application for an individual license.

The legislation in question revised the provisions of the state Business and Professions Code relating to the filing of a bond by an applicant for a contractor's license whose prior license was suspended or revoked. An amendment to section 7071.5 of the Code removed the discretionary powers of the Registrar of Contractors in such license renewals. This amendment also makes mandatory the posting of a bond or cash deposit of not less than \$2,000 or more than \$10,000 where an applicant has had his license suspended or revoked.

"The ostensible purpose" of the section as originally enacted in 1941 "was to provide a means whereby the Registrar could, if

deemed necessary, require some protection for and assurance to members of the public, employees of the prospective licensees, materialmen and subcontractors that the renewed operations of a disciplined contractor would not result in complete financial loss to them if not successful," the opinion states. The 1961 amendment strengthens this protection.

A bond is required even if the suspension is for less than one year, the ruling further declares. No bond is required if the license had been restored prior to the effective date of the amendment. If a bond is in force no subsequent bond is required. Persons who are copartners of a suspended firm are required to post bond or cash.

The act permits the Registrar to require a bond or cash deposit between the minimum of \$2,000 and the maximum of \$10,000 depending on the "magnitude of the operations of the applicant," which is interpreted as based on the future operations measured by dollar volume.

Request for the opinion was made by John F. Chadwick, Registrar of Contractors for the State of California. The ruling was prepared by Deputy Attorney General Willard A. Shank of Sacramento.

Brown's Program

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tofore, the assessed value could not exceed \$5,000.

The law specifies that the property on which the ceiling is removed must be used as the place in which the recipient lives.

However, an aid recipient can hold property in addition to his home as long as certain conditions are met: (1) it either must be income producing or low in market value, and (2) the assessed value cannot exceed \$5,000.

The personal property allowance for recipients of disabled aid is increased from \$600 to \$1200, the same as persons on aged and blind assistance.

DISABILITY DEFINITION

Approval also was given to a change in the definition of "disability" so persons requiring some degree of care, but not "continuous and constant" attention, could receive aid. This makes about 1,000 additional disabled persons eligible for aid as of January 1, 1962.

Industrial Safety

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Agencies; Manufacturing; Mineral Extraction; Trades and Services; and Transportation, Communications and Utilities.

Invitations to participate in the conferences have been extended to all labor organizations. Additional information may be obtained by contacting the State Division of Industrial Safety in the Department of Industrial Relations.