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Weekly News Letter

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Legislative Notes

As we go to press the 1959 session of the California legislature is quickly drawing to a close. Still on deck to be decided in the closing minutes are several measures of basic importance to organized labor.

Labor Reform Bill

SB 209 (Teale), the Governor's so-called "union democracy measure" is in Ways & Means Committee in the Assembly, having already been passed by the Senate.

Governor Brown is pushing hard for enactment. Organized labor has pulled all its stops to block the measure without enactment of constructive legislation within the field of labor-management relations.

Early this week the lower house Ways & Means Committee deleted amendments to SB 209 which would have repealed the state's anti-labor jurisdictional strike act still in the labor code. Jesse M. Unruh, Democrat of Los Angeles, has served notice on the floor of the Assembly that he will seek withdrawal of SB 209 from Ways & Means Committee if the measure is not reported out.

Unemployment Insurance

AB 590 (Munnell), the major unemployment measure of the session is on the Senate floor in the form passed by the lower house. This includes a \$30 uniform step schedule with a maximum benefit of \$55 a week. Coverage provisions for 660,000 public and nonprofit employees have been eliminated. Anything could happen on the Senate floor, but the chances are good that the measure will find its way to the Governor's office prior to adjournment.

SB 945 (Miller), providing for the extension of the duration period for unemployment insurance benefits during periods of high unemployment is on the Assembly floor for final passage. No trouble is anticipated.

Other Measures on Deck

Up for final passage on the Senate floor are the following Federation bills:

AB 423 (McCullister), permitting lump sum payments from the subsequent injuries fund in workmen's compensation cases; **AB 471** (Samuel R. Geddes), providing for the licensing of carpet and linoleum layers; **AB 476** (Elliott), authorizing publication of unemployment insurance information in Spanish; **AB 433** (Bee), prohibiting reduction of unemployment insurance benefits when the unemployment fund is within six months of exhaustion; and **AB 1420** (Z'berg), providing for the inclusion of fringe benefits in the de-

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STATE LEGISLATURE PASSES \$65.00 DISABILITY INSURANCE BENEFIT BILL

The second major piece of social insurance legislation of the 1959 session reached the Governor's desk this Monday when the Senate passed without opposition AB 494, authored by Jesse M. Unruh (D-Los Angeles).

AB 494, endorsed by Governor Brown, increases the unemployment disability insurance benefit from \$50 to \$65 a week, and places the so-called extended liability account on a substantially pay-as-you-go basis.

It is estimated by the Department of Employment that the disability insurance liberalization bill will increase benefit payments from the State disability fund by approximately \$6.5 million a year. An amount approaching this figure will also be realized by workers covered by voluntary plans, underwritten by private carrier, instead of the state fund.

This Monday's action followed the passage last week of AB 1015 (Crown-D) which provides for vast improvements in California's workmen's compensation program.

Labor Goal Realized

"The new \$65 benefit provided in AB 494 represents an achievement of the California Labor Federation's recommendations to the 1959 session of the legislature," commented C. J. Haggerty upon passage of the bill.

The executive head of the AFL-CIO pointed out: "Under the present disability schedule benefits start at \$10 a week for qualified claimants who earn \$75 in the high quarter of their base period, and increase one dollar for each additional \$25 for high quarter earnings to the present benefit of \$50 for high quarter earnings of \$1,125 or more."

"AB 494 continues this uniform \$25 step schedule to the new \$65 benefit amount for high quarter earnings of \$1500 and over. This means that everyone within the schedule will be compensated for at least 56% of his wage loss when disabled by illness or accident not connected with employment."

Extended Liability Account

The provisions of AB 494 relating to the extended liability account will

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U.I. Bill on Floor for Passage

The Senate Committee on Insurance and Financial Institutions this Tuesday sent to the floor of the upper house AB 590 (Munnell-D) providing for an increase in the maximum unemployment benefit from \$40 to \$55 a week.

The bill contains the revised benefit schedule adopted by the Assembly without provision for the extension of coverage to 660,000 employees of nonprofit organizations and state, county and municipal government.

AB 590 would liberalize the unemployment insurance schedule to provide for uniform \$30 steps so that benefits would range from \$10 for high quarter earnings of \$150 and increase one dollar for each additional \$30 in high quarter earnings to the proposed maximum of \$55. It is estimated that this revised schedule will increase benefits by approximately 43.4 million dollars a year.

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Federation Executive Council To Meet in Hollywood, June 24-25

A report on the 1959 session of the California legislature will be one of the major items on the agenda when the Executive Council of the California Labor Federation, AFL-CIO, meets in Hollywood next week.

The 36-member council will convene at the Hollywood-Roosevelt Hotel for a two-day session, June 24th and 25th.

C. J. Haggerty, Secretary-Treasurer of the state AFL-CIO organization, is scheduled to review labor's legislative program in terms of the accomplishments and failures of the 1959 legislature under domination of the Democratic Party. Haggerty's report will be pre-

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GOVERNOR GETS 2.2 BILLION DOLLAR BUDGET—SUBSTANTIAL PART OF TAX PROGRAM

The State legislature in its final week sent Governor Brown a \$2,225,612,643 state budget, and cleared additional features of his two hundred million dollar-plus tax program to bring it into balance for the fiscal year 1959-60.

Final approval was given to Governor Brown's 3c per pack cigarette tax bill, AB 1172, when Senate-Assembly conferees accepted deletion of a 15% excise tax on cigars and other tobacco products, and agreed to the "stamp tax" method of administration.

Over the opposition of organized labor, the \$60,000,000 consumer tax measure is on the Governor's desk for signature, \$8,000,000 short of the amount recommended by Brown because of deletion of the excise tax on cigars.

In followup action, the upper house of the legislature cleared four additional proposals in the Governor's tax program:

(1) By vote of 28 to 8 the upper house okayed AB 1171 to increase the consumer on beer from 2c to 4c a gallon. The upper house version is three cents short of the 7c per gallon tax recommended by the Governor and passed by the Assembly. The difference, involving a reduction in anticipated revenue increases from \$10,000,000 to \$4,000,000 a year, is to be ironed out in conference committee as we go to press.

(2) By vote of 30 to 6 the Senate approved AB 1173 to increase the tax take on horserace betting by 10.4 million dollars. The upper house cut the horseracing measure back from 12.5 million dollars originally recommended by the Governor. Supporters of the Governor's program on the Assembly side, however, have indicated that they will accept the Senate cut and sent it on to the Governor.

(3) The upper house approved AB 1175 by vote of 27 to 11. This measure, designed to produce 33.6 million dollars in bank and corporation franchise taxes, was approved without amendment and goes directly to the Governor for signature.

(4) Approval was also given to AB 1176, which will increase inheritance taxes by about \$2,000,000 a year. The upper house vote was 27 to 9 on roll-call.

It appears certain at the time of writing that the Governor's tax program will fall between 34 and 40 million dollars short of its mark, depending upon whether Senate-Assembly conferees give

Disability Bill Passes

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provide for a better sharing of the costs between voluntary plans and the state program for charges against this account.

The extended liability account is charged with all benefit payments to individuals whose disability commences after an individual becomes unemployed.

At the present time the state fund is carrying most of the load because of procedural restrictions on contributions by voluntary plans for those workers who are paid out of the extended liability account but who are covered under voluntary plans.

AB 494 provides for the proration of the extended liability charges between voluntary plan carriers and the state plan under a new formula which will place the account on a substantially pay-as-you-go basis. The Department of Employment estimates that voluntary plan contributions for extended liability benefit will be doubled.

It is also anticipated under the provisions of AB 494 that the state program will gain larger coverage because of the inability of many of the present voluntary plans to pay the new benefits and still stay in business.

This increased coverage under the state plan will materially improve the experience of the state fund, and thereby remove the necessity at the present time for increased worker contributions to the disability program. Under AB 494 worker contributions will remain at one percent of the first \$3600 of wages paid.

The new maximum benefit of \$65 will be payable for disability periods commencing on and after January 1, 1960.

final approval to a 4c or 7c per gallon beer tax.

Apart from the level of beer taxation finally approved, the Governor lost 23.2 million dollars when the oil lobby succeeded in killing a modest 2% severance tax on oil and natural gas.

Another \$9,000,000 was lost to the Governor by the elimination of the excise tax on cigars and other tobacco products, and \$2,000,000 by the cut-back in the horseracing measure proposed by the Governor.

Earlier in the session legislative approval was given to Governor Brown's income tax bill, AB 1177, designed to produce 60.7 million dollars in additional revenues by a combination of scheduled revisions and modifications in deductions and personal exemptions in the state personal income tax law.

U. I. Bill on Senate Floor

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As originally negotiated by labor and management, AB 590 provided for a benefit schedule with higher steps, but contained provisions for extending coverage to nonprofit and public employees.

The deletion of the coverage provisions for the more liberal benefit schedule amounted to a swap of 11.9 million dollars in additional coverage benefits for some 4.8 million dollars in increased benefits for presently covered employees.

When the measure was heard this Tuesday by the Senate Committee on Insurance and Financial Institutions, amendments were offered to amend AB 590 back to its original negotiated form to provide total benefit increases of 50.5 million dollars a year instead of the 43.4 million dollars that would be realized from passage of the bill in its present form as it goes to the floor of the Senate.

The amendments were rejected when an effort was made to divide the question, and thereby revert to a less liberal schedule without the extension of coverage provided in the negotiated program.

The State AFL-CIO assumed the position that the 50.5 million dollars in benefits in the original bill were preferable to the 43.4 million dollars in added benefits in the revised measure, but opposed a less liberal schedule if the coverage provisions were not broadened.

If passed by the upper house without amendment, AB 590 will go directly to the Governor for signature.

Organized labor throughout the session contested the necessity of resorting to additional consumer taxation in the Governor's cigarette and beer tax bills to balance the budget.

Consumers in the state already carry 2/3 of the tax burden because of the 3% general sales tax and other consumer levies. The additional consumer levies recommended by the Governor represented a pure political approach to the distribution of the additional tax burden, rather than an attempt to secure additional revenue increases on the principle of taxation on ability to pay.

Democrats, who controlled the 1959 session of the legislature, like previously controlled Republican legislatures, indicated that they too believe in the principle of regressive consumer taxation despite platform pledges to the contrary.

Housing Anti-Discrimination Bill Passes

Ranking in importance with the enactment of FEPC legislation was the passage this Monday of California's first anti-discrimination bill in housing.

AB 890, authored by Assemblyman Augustus F. Hawkins (D-Los Angeles) and twenty co-sponsors, passed the State Senate without opposition and will go to the Governor following approval of Senate amendments by the lower house.

The Hawkins' measure prohibits discrimination because of race, color, religion, national origin, or ancestry in publicly assisted housing accommodations constructed or otherwise aided with public funds. Its provisions apply to tract housing financed by federal G.I. and F.H.A. insured loans. Although amendments on the Senate side removed the application of the bill to nonprofit housing and homes contracted under the Cal-Vet program, the measure is considered one of the most significant pieces of civil rights legislation to be passed by the California legislature.

Under the provisions of the bill an aggrieved person would have the right of court action to restrain discriminatory acts and to secure other equitable relief. In addition, the bill allows a minimum of \$500 for damages.

AB 890 was supported by all civil rights groups including organized labor.

Legislative Notes

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termination of prevailing rates for workmen and mechanics in state service.

Another Federation measure headed for the Senate floor, if approved by Senate Finance Committee, is AB 902 (Bane). This measure would authorize local agencies, as well as the state, to pay fringe benefits to nonpermanent workmen and mechanics.

Federation Bills Passed During the Week

AB 469 (Samuel R. Geddes), limiting construction of owner-builders for commercial purposes without licensing.

AB 498 (Waldie) protecting workmen's compensation benefits of injured workers in third party suits.

AB 1243 (Miller), protecting employment rights of fire fighters upon consolidation of fire districts.

AB 880 (Kilpatrick), providing for the filing of prevailing wage rate determinations by cities and counties with the Department of Industrial Relations.

Brown Wins \$1.75 Billion Water Bond Program As Assembly Sidesteps Enrichment Issue

Governor Brown has his \$1.75 Billion water bond program on his desk for signature. The proposal, designed to launch California into the water and power business, will go before the voters on the 1960 general election ballot.

Brown clinched legislative approval of his water bill this Wednesday when the Assembly swept aside scattered opposition from the north and south and passed SB 1106 (Burns) by roll call vote of 50 to 30.

In three hours of debate the dominant Brown forces on the lower house floor beat down amendment after amendment, including one offered by Assembly Lloyd Lowrey (D-Rumsey), designed to block the unjust enrichment of giant landholders under the Brown water program.

Lowrey proposed a modified 160-acre limitation which would have restricted delivery of state developed irrigation water to an amount sufficient to sustain a "family size farm" operation as determined by the Department of Water Resources.

It is a recognized fact that without anti-monopoly, anti-speculation protections in state law, a handful of giant landowners who virtually control the lower end of the great San Joaquin valley will be enriched by millions and millions of dollars under the Governor's water program.

Detailed maps developed by organized labor show that 63% of the land in the potential service area bordering the San Joaquin Valley-Los Angeles aqueduct is held in ownerships of over 1000 acres.

Oil companies head the list with close to 500,000 acres, including 218,000 owned by Standard Oil. Kern County Land Company owns 348,000 acres, Southern Pacific 201,000, Tejon Ranch (partially owned by the Los Angeles Times-Mirror Company and Sherman-Chandler interests) holds more than 168,000 acres. Other large land holders of over 1000 acres each, together own 1,323,000 acres.

Faced with the enrichment issue, Democratic supporters of the Brown water program argued that this was neither the time nor place to attempt settlement of the problem. Jesse M. Unruh (Democrat, Los Angeles), a leading supporter of the Brown administration programs, stated that "sometimes it is necessary to rise above principles" when it was pointed out that the 160-acre limitation is part of the Democratic Party platform.

The Brown forces have consistently maintained the position throughout the session that the insertion of any anti-monopoly protections in SB 1106 would kill the water program. They argued that ample opportunity would exist

after passage to adopt anti-enrichment protections.

Now that the bond program has passed the legislature it rests with the Governor to call a special session on the issue, if the people of California are to be given the opportunity to vote the proposed 1.75 billion dollar issue without fear of enriching giant land holders in the valley.

Politically, the enrichment issue may be the "Achilles heel" of the Brown administration. If the Governor fails to propose, or is unsuccessful in securing anti-enrichment protections, he may go down in history as the Democratic governor who put California in the water and power business for the enrichment of landed monopolists rather than the people of the state of California.

The roll call on adoption of the Lowrey anti-enrichment amendment was as follows:

Voting Yes: Bruce F. Allen, Backstrand, Biddick, Bradley, Britschgi, Burke, Busterud, Chapel, Coolidge, Davis, Dills, Elliott, Francis, Samuel R. Geddes, Grant, Hawkins, Kilpatrick, Lowrey, Lunardi, Marks, Masterson, Pattee, Shell, Waldie, and Z'berg—25.

Voting No: Don A. Allen, Bane, Bee, Beaver, Belotti, George E. Brown, Burton, Cameron, Collier, Conrad, Crawford, Crown, Cunningham, DeLotto, Donahoe, Frew, Gaffney, Garrigus, Ernest R. Geddes, Hanna, Hegland, Holmes, House, Johnson, Kennick, Levering, Luckel, MacBride, McCollister, McMillan, Meyers, Miller, Nisbet, O'Connell, Petris, Porter, Reagan, Rees, Rumford, Schrade, Sedgwick, Sumner, Thelin, Thomas, Unruh, Williamson, George A. Willson, Charles H. Wilson, and Winton—49.

California Manufacturing Employment Dips Seasonally in May

While the factory work force in California dipped seasonally in May, the total of 1,264,000 wage and salary workers employed last month was above the depressed level of a year ago by 88,600, or 7½ percent, John F. Henning, California Director of Industrial Relations, announced this Monday.

Durable goods manufacturing indus-

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STATE SENATE DUMPS LIMITED PUBLIC EMPLOYEE COLLECTIVE BARGAINING BILL

The Senate Finance Committee this week was the final burialground for a limited measure designed to extend the right of representation and collective bargaining to public employees engaged in the production and distribution of electrical power.

AB 570, authored by Assemblyman George E. Brown, was sent to interim committee by the upper house finance committee this Tuesday after being passed by the Assembly and receiving approval of the Senate policy committee on Local government.

The Senate Finance Committee is supposed to concern itself only with financial aspects of policy bills.

A. Allen Post, Legislative Analyst, pointed out that only minimal expenditures were involved in AB 570, ranging from 0 to \$3000.

As originally introduced, AB 570 would have extended collective bargaining rights to employees of all public utility districts and publicly owned water and electric utilities. In the Assembly its application was confined to utility districts, and passed by the narrow margin of 41 to 30.

In Senate Local Government the bill was further amended to confine its application exclusively to utility districts engaged in the production and distribution of electric power for sale to ultimate consumers.

Final defeat in Senate Finance was viewed by observers as a complete abandonment of a State Democratic platform plank which calls for the extension of organizational and bargaining rights to public employees. Assemblyman George E. Brown, an expert in the pub-

Manufacturing Employment Dips Seasonally

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tries claimed nearly all of the year-to-year increase in factory employment, just as these industries bore the brunt of recession cutbacks.

Most dramatic gains were scored by the defense-related electrical equipment and missiles industries, which added 21,500 and 14,400 workers, respectively, since May 1958. Employment in both industries is now at all-time highs.

The aircraft industry had 4,700 more persons at work this May than a year ago, but the number employed remained below prerecession levels.

Sizeable advances since a year ago were also recorded in primary metals, automobiles, and lumber.

An April-May drop of 4,300 manufacturing employees this year was the net result of decreases in some industries partly offset by increases in others. Seasonal declines were registered in canning and apparel manufacturing; work stoppages reduced employment in rubber and machinery; and cutbacks were reported in aircraft, ship repair, and automobiles.

On the other side of the ledger were month-to-month increases in lumber, electrical equipment, and several other durable goods industries.

lic employment field, fought vigorously to secure passage of the bill through both houses of the legislature.

Earlier in the session the Assembly buried two general bills which would have (1) extended to public employment the state policy provisions of the Labor Code on the right to organize for

Ex. Council

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liminary to final review of the session which will be issued to all affiliated organizations at the 1959 convention of the Federation, to be held in San Diego, August 10-14.

The Executive Council meeting was called by Thomas L. Pitts, President of the state Federation, who will preside over the Hollywood sessions.

Also on the agenda for discussion and action is the growing plight of agricultural workers. A delegation from Imperial County will be on hand to take up the abuses of the Mexican national importation program which is being employed by farmers to hold wages at starvation rates and drive domestic workers from the fields.

The recently launched drive of the national AFL-CIO to organize farm workers in California and other southwestern states will be reviewed in the agricultural labor discussion.

Another item to be aired is the newly created office of Consumer Counsel in the Governor's office. This office, designed to look after the interests of consumers in state government, was established by the legislature this year at the recommendation of Governor Brown.

Discussion will focus on labor participation in the formation of a California consumer association along with other consumer groups to give backing to consumer oriented programs.

collective bargaining purposes, and (2) merely declared the right of public employees to join an organization of their choice without interference on the part of supervisors and other administrative public officials.

These measures were also sent to interim committee for study.