



# Weekly News Letter

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## State Compensation Benefits Lagging

A new report on weekly wages of injured workers in California, issued by the State Division of Labor Statistics and Research, indicates clearly that workmen's compensation benefits are falling behind the level of wage-loss compensation for injuries contemplated in the state program.

The law's standard provides that injured workers should receive compensation for approximately 62 per cent of their lost wages. Through the device of placing artificial limits on the maximum amount of weekly earnings in computing the benefit payable, however, this standard is being observed in the breach for many injured employees.

The state division's study of actual weekly earnings of injured workers for the month of September, 1959, points out that last year the California Workmen's Compensation Act was amended to increase maximum benefits for temporary

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## Ike Policies Milk Workingman for \$11,500 on Home Purchase

Testimony on the shocking cost of Eisenhower "tight money" policies to wage earner families who may still be able to afford the purchase of a new home in the current "bankers'" housing market was presented last Thursday to the State's Consumer Council in San Francisco on behalf of Thos. L. Pitts, secretary-treasurer of the California Labor Federation, AFL-CIO.

Mrs. Helen Nelson, the state's first Consumer Counsel, was presented with an array of carefully developed statistics demonstrating how the high interest rates fostered by Ike's "tight money" policies are

taking \$11,500 out of the pocket of the workingman's family which assumes a \$15,000 mortgage in today's housing market.

Under these conditions of "legalized" robbery, it was noted that construction of homes to meet the needs of the nation's middle income families, the elderly and minority groups, has been made prohibitive. Yet these groups constitute the bulk of the potential housing market.

The San Francisco hearing was the fourth of a series being conducted by Mrs. Nelson in various parts of the state on the subject of "Credit—Its Uses and Abuses."

Federation testimony followed the presentation of massive evidence of continued discrimination by mortgage brokers in the San Francisco Bay Area, and testimony on the importance of low cost financing to meet the housing needs of minority-group families.

The state AFL-CIO statement outlined how the 4.5 percent mortgage money rate prevailing in 1953 when the Eisenhower Administration went to work has become an effective 7.2 percent rate under his Administration's "tight money" policies, which have virtually turned the housing market over to "conventional" financing.

It was pointed out that the home buyer undertaking a 25-year \$15,000 mortgage today at a 7.0 percent interest rate is saddled with monthly payments \$22.64 higher than those involved at the 4.5 percent interest rate prevailing in 1953. Over

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## Apprenticeship Conference Expected to Draw 800

The California Conference on Apprenticeship, convening on May 18 at the Jack Tar Hotel and continuing through May 20, is expected to attract more than 800 representatives of industry, labor, government and the general public from throughout California, with delegates from other western states as well.

John F. Henning, State Director of Industrial Relations, who will address the opening session on California's need for trained skilled workers in the 60's, has underscored the importance of the three-day session with the following statement:

"With our booming population and rapid industrial development, industry, labor, and government as well as the public have a joint obligation to see that there is no shortage in our skilled labor force.

"This can be effectively accomplished only through the full utilization of thoroughly trained, highly skilled craftsmen. Such craftsmen can be obtained only through well organized apprenticeship programs."

Nine workshops on various phases of apprenticeship training will feature the second day of the conference, May 19, and 18 industry groups will hold separate meetings to discuss their training needs on the morning of May 20th. In the afternoon, at a general session, the

conference will conclude its business with the election of officers, action on recommendations, and plans for future meetings.

Supplementing Henning's remarks on the skilled manpower needs of the 60's, was the announcement this week, also, of completed plans for one of the nine conference workshops on "Apprenticeship Opportunities for Minorities".

The objectives of this workshop are to promote full utilization of manpower and to further develop and stimulate training opportunities in apprenticeship. Albin J. Gruhn, president of the California Labor Federation, AFL-CIO, and active chairman of its Civil Rights Committee, heads a long list of trade unionists who will participate as panelists in the workshop session.

Topics will include the new FEP law as it affects apprenticeship, qualifications and standards, broadening opportunities, informing, attracting and communicating with minority groups.

# Ike Policies Milk Workingman for \$11,500 on Home Purchase

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the 300-month life of the loan, the home buyer is forced to pay the lender an additional \$6,972.

"But that's only half the story," Federation researchers told Mrs. Nelson. "If the home buyer had been able to hold on to his \$22.64 monthly and had invested these savings semi-annually at 4 percent throughout the mortgage period his savings would have developed a total value of \$11,489.21."

The painstaking analysis was held up as an example of what President Eisenhower has done for the workingman who is victimized by "tight money" policies. The Federation statement declared:

"Translating the \$11,500 amount in terms of a nest egg for retirement or the furtherance of education for the workingman's children, the significance of the 'tight money' policy for the borrower becomes apparent."

The mortgage market analysis was related also to the broader problem of meeting housing needs and maintaining a level of construction necessary for a healthy and expanding economy.

The average house on the market today probably has a value in excess of \$15,000, it was noted. Although housing experts indicate an income in excess of \$8,000 annually is necessary for the purchase of such a home, the Federation statement pointed out that "no more than one out of five families enjoy such an income standard."

"Low and middle income families have simply been priced out of the housing market," Mrs. Nelson was told.

Compared to an urgent need for annual construction of a minimum of 2.25 million non-farm dwelling units, it was observed that the prohibitive mortgage financing has resulted in construction rates averaging about a million units a year below this level. All forecasts for housing starts in 1960 indicate a substantial drop below even the inadequate level of 1,380,000 starts in 1959.

The rise in interest rates by more than a full percent during the last year was related, by way of specific example, to a decline of over 35 percent in the amount of residential construction undertaken by a large Bay Area building association in the last ten months.

In her defense of consumer interests, Mrs. Nelson was reminded that the great upsurge in home ownership since 1933 was made possible only by the introduction of reasonable rates of interest enabling middle income groups to become home owners. At present, however, the Federation noted that low and middle income groups fall almost completely outside the nation's housing programs which have deteriorated under the Eisenhower Administration to the level of special benefit programs for the mortgage brokers. In a sharp jab at reactionaries who look upon even the present inadequate programs as some kind of "socialism", the Federation's statement quoted one housing expert who characterized these existing federal programs as "socialism for the rich and private enterprise for the poor."

Other details of the state AFL-CIO analysis traced the effect of the "tight money" policy into the price tag of the house itself, as distinguished from the cost of financing.

The most common way in which the price tag is affected is by the discounting of loans to builders by as much as 10 "points."

In the case of a \$15,000 mortgage loan, this means that the builder signs for \$15,000 but never receives \$1,500 of that amount. The builder in turn passes this "discount" onto the home buyer in the price of the house, with the result that the effective

interest rate on the mortgage is raised by 1.25 percent.

Bold state and federal programs were called for by the Federation to vastly increase the total supply of housing for low and middle income families, minority-group members, and the elderly. Unless private enterprise can come up with an approach that will begin to serve the needs of these individuals and families, the Federation's housing statement concluded that it becomes a matter of absolute necessity to utilize cheaper government borrowing power so that housing funds can be made available at cost.

## CONSUMER COUNSEL'S SUPPORT

Looking at the broad field of consumer credit, its uses and abuses, Mrs. Nelson was told that "although trade unionists have become skilled in how to win an honest return for a day's labor, as consumers, their skills are sadly under-developed."

The State Consumer Counsel was pledged the full cooperation of California labor in her efforts on behalf of consumers.

"We are moving to bridge the gap with consumer counselling and education programs," Mrs. Nelson was advised. "But we need your help as citizens numbering more than 1,300,000 of the state's consumers."

Mrs. Nelson's selection of the field of consumer credit and financing as the first area of major concentration was also applauded by the Federation.

"It is in this area, either from a lack of understanding or cruel circumstance, that a goodly amount of the wage dollar is being dissipated at the marketplace," the Federation pointed out, adding:

"It is no exaggeration that when it comes to consumer financing of purchases, the individual is entering a sea of water that has far too many sharks to be considered safe for swimming."

Mrs. Nelson was asked specifically to support state legislation patterned after that presently being proposed in Congress which would inform consumers of the exact amount of interest being charged on installment contracts in terms of "simple interest", whether the amount is 6 percent or 35 percent as is too often the case.

## Death TAKES AFL-CIO Organizer John A. Owens

John A. Owens, staff organizer with the AFL-CIO Regional office for California and Nevada, died this Monday of a heart attack while hospitalized for treatment.

AFL-CIO Regional Director Dan Flanagan said that the loss of Brother Owens will be keenly felt in those areas of California where he has spent long hours working with local union officials to resolve trade union problems and further the progress of the AFL-CIO movement in California. Brother Owens, among his many friends in the labor movement, was known as a most capable and sincere representative of the working people.

## State Compensation Benefits Lagging

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disability to \$65 a week, and the maximum benefit for permanent disability to \$52.50 a week.

Based on its study of actual earnings of the injured workers, the Division concluded "about 37% of all employees injured on the job in September earned more than \$105.26, the amount of earnings necessary to qualify for the new maximum temporary disability benefit of \$65 a week."

In other words, 37% of workers suffering temporary disability are not realizing the full benefit of the 62% wage loss compensation standard in the law.

Looking at the earnings of men alone, the division points out that a full 43% are being shortchanged.

In the case of injuries causing permanent disabilities, not even the average worker is permitted the benefit of the law's wage loss compensation principle.

The average wage of injured workers for September 1959, according to the division, was \$98.33. The maximum weekly benefit of \$52.50 for permanent disabilities is only 54% of this average.

The average wage is based upon an analysis of 12,700 reports of lost-time injuries received by the Division of Labor Statistics and Research covering workers employed at least 30 hours a week.

The highest average weekly earnings, \$143, were reported for injured workers employed in the motion picture industry. Two other industries in which injured workers earned above the all-industry average were construction, \$138; and crude petroleum and natural gas, \$120.

The lowest average earnings, \$61 a week, were reported for aged employees in hotels and lodging places. Next to lowest earnings were in medical and other health services, \$62.50, and on farms \$64.

## AFL-CIO Unmasks Ike Proposal For Aged Health Care

Eisenhower Administration proposals for meeting the health needs of older persons through subsidies to commercial insurance companies have "evidently been shaped to meet the political demands of an election year rather than the urgent needs of the aged," the AFL-CIO has charged.

The federation's Executive Council—examining the Administration plan presented to the House Ways & Means Committee by Health, Education & Welfare Secretary Arthur S. Flemming—said that the "desirable objectives" of the program have been rendered "practically meaningless" by the cumbersome federal-state mechanism which it proposes.

At a press conference, AFL-CIO President George Meany bluntly termed the Administration measure "worse than no bill at all," and predicted it would not get "too much attention" on Capitol Hill where sentiment continues strong for some version of the labor-backed Forand bill geared to the social security principle.

The long-delayed Administration plan calls for annual federal-state outlays of \$1.2 billion in payments to private insurance companies. Under the program, elderly persons receiving public assistance would get the insurance free, while others eligible for coverage—on the basis of annual incomes of less than \$2,500 for a single person and \$3,800 for a couple—would pay an annual fee of \$24 per person.

Protection offered would be on a so-called "catastrophic" basis, with subscribers paying the first \$250 in annual medical expenses and 20 percent of all costs over that figure. The insurance would cover the remaining 80 percent up to certain maximum limits.

The Administration offered its program as a substitute for the AFL-CIO-backed Forand bill, which would finance medical care for the elderly through the social security mechanism. The cost would be borne by an increase of one-quarter of 1 percent in the social security tax levied on both employer and employee—a maximum tax increase of \$12 a year for each.

The Executive Council emphasized that the American people "are willing to pay the necessary costs to provide health care for the aged but they will rightly insist on a sound and efficient program." The Administration proposal, it declared, "does not meet this test."

The council cited a half-dozen objections to the program Flemming submitted to the House committee, including:

1. The proposal rejects the most universal, economical, and dignified approach, namely the use of the social security system.

2. Not one elderly person would receive a cent in health benefits until after his state legislature had enacted necessary laws and appropriated necessary funds. This proposal flies in the face of these facts: many states are financially impoverished; many could only finance such a program through higher sales taxes; many more are all too-susceptible to pressure from reactionary elements which would seek to block such legislation.

3. It would not in fact provide the real help that low income aged persons need. Four-fifths of those over 65 have incomes of less than \$2000 a year. Out of this they would have to pay \$24 a year in premiums plus \$250 out-of-pocket medical expenses before receiving any benefits at all. In addition they would have to pay \$20 out of each \$100 of medical expense above the \$250. A person with annual medical bills of \$700 (and the Secretary indicated that 15% had average bills of this size) would have to pay more than half of this cost out of his own limited income. The financial barrier to seeking early preventive care would remain. Medical cost would continue to wipe out savings and use up money needed for daily living essentials.

4. It would not make benefits available as a matter of right. While it does not require a "means test" in the technical sense, it sets up

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FORM 3547 REQUESTED

## Civil Rights Pamphlet Distributed

An educational pamphlet on civil rights entitled "Labor Lifts the Bar to Opportunity," has been sent to all AFL-CIO unions in the state.

In a forwarding letter, state AFL-CIO President Albin J. Gruhn, who also heads the Federation's standing Civil Rights Committee, advised affiliates that the pamphlet was being distributed as part of the Federation's continuing education program on the employment discrimination issue.

Authored by Boris Shishkin, director of the national AFL-CIO Department of Civil Rights, Gruhn pointed out that the pamphlet "contains an excellent recital of how unions are combating discrimination in an effective and practical way."

He urged that if local organizations have not implemented all the action suggestions contained in the

## Labor Supporting "Sit-Ins" In Civil Rights Drive

Mounting active support from organized labor at the local level of demonstrators against discrimination in the use of lunch counter facilities was in evidence this week.

The Alameda County Central Labor Council labelled the refusal of many lunch counters in the south to serve Negroes "a violation of American democracy," and pointed out:

"The lunch counters are often part of a national chain, spreading across the entire face of America, and therefore having a responsibility to the nation as a whole, which

pamphlet, "immediate steps be taken to do so."

Unions which can effectively utilize additional copies of the pamphlet may send their order to the California Labor Federation, or write directly to the Publications Department of the AFL-CIO, 815 16th St. N.W., Washington 6, D.C., asking for publication No. 72.

should over-ride the retreat before the forces of prejudice in the south."

Backing up the national and state AFL-CIO with action, the Alameda council called upon locals in the area to support demonstrations taking place throughout the state to call attention to the discriminatory practices of the nation-wide variety and lunch counter chains.

In addition, the council urged managers of branches of Woolworths, Kress and other stores in the area to notify their national organizations about the concern of labor and the general community over the violations of basic rights.

## Mitchell: Union Charity Gifts Okay

Secretary of Labor James P. Mitchell, this week again "challenged allegations" that the Landrum-Griffin bill makes it illegal for unions to contribute to legitimate charitable, educational, philanthropic and community welfare projects.

Mitchell said he found it "distressing" that the so-called fiduciary responsibility provisions in the new law are being "misinterpreted . . . to mean that unions can no longer contribute money to such commendable causes."

The Secretary of Labor added that unions for many years have given their support, both financial and otherwise to worthwhile community projects, and "I cannot believe that a single member of Congress intended to halt this constructive activity through the passage of the Act."

He declared that section 501 of the Act "merely establishes, in this connection, that contributions by unions should be made in accordance with the provisions of the organization's constitution and by-laws, and should not be contrary to any binding resolution of the organization's governing body."

## AFL-CIO Unmasks Ike Proposal For Aged Health Care

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a yearly income test for our elderly citizens. Only those with incomes of less than \$2500 (\$3800 for a couple) would qualify. Each elderly person would have to prove each year that his income including veterans benefits, railroad retirement, social security and most industrial pensions, was low enough to qualify him for enrollment. This provision would lead to manifold inequities and its enforcement would inevitably involve an affront to the dignity of millions of older people.

5. Its administration is costly and unnecessarily complicated involving the use of 50 different state agencies as well as a federal administrative agency.

6. It opens the doors to the use of commercial insurance carriers. It amply demonstrates that the use of commercial insurance in what is essentially a social insurance program is inefficient and extravagant. It inevitably results in channeling a large portion of the premium dollars away from the beneficiary and into the coffers of private insurance companies.

Organized labor, the council said, wants a program built "on the proven, sound principle of social insurance, under which a worker by regular payments based on earnings during his working years, insures his health benefits when he retires."