

What Caused the Railroad Strike

We have received the following letter from Alfred Baker Lewis of the American Federation of Teachers. We think the content of the letter points out some facts that were not used in the public press. We have permission to run Mr. Lewis' letter.

"Dear Sir & Brother:

A good deal of public antagonism against the railroad yardmen and switchmen who went out on strike briefly recently was worked up because the public generally were not well informed about the issues causing the strike.

The railroad strikers, almost alone among union members, had had no increase in pay for nearly two years, until the Army gave them a partial increase after the strike. They had asked for 31 cents an hour more or about a 20% increase. Meanwhile the railroad owners, who have been denying them this requested increase, have enjoyed the following increases in the price of their stocks during the past year:—

Atchison Topeka & Santa Fe from a low of 100 to 173.

Atlantic Coast Line from 41 to 79.
Chesapeake and Ohio from 25 to 38.
Chicago and Great Western from 12 to 30.

Chicago Minneapolis and St. Paul from 7 1/8 to 30.

Chicago and Northwestern from 11 to 26.

Denver and Rio Grande from 24 1/2 to 63.

Minneapolis and St. Paul from 10 1/2 to 20.

New York Central from 11 1/2 to 24.
New York New Haven & Hartford from 6 1/2 to 22.

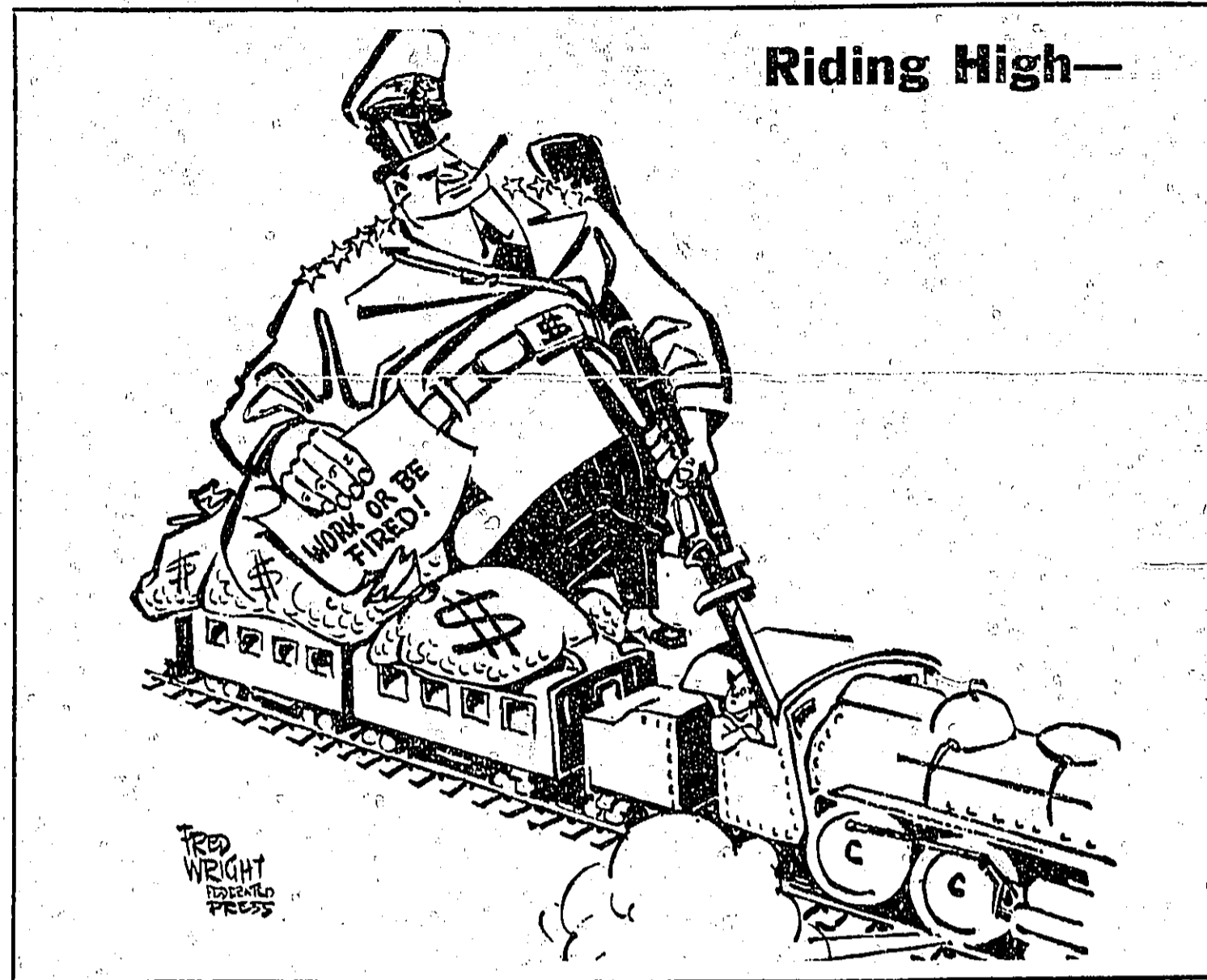
Northern Pacific from 17 to 37.
Penna RR from 14 1/2 to 24.

St. Louis & San Francisco from 10 to 29.

Southern Pacific from 49 to 73.
Southern Railway from 32 to 63.

It may not seem quite fair at first thought to compare the low during the past 14 months with present prices. But actually the increase in profits per share during 1950 compared with 1949 is in nearly every case at least equal to the percentage increase in the price from the low of 1950 to date.

I have never worked on a railroad and I do own railroad stocks both personally and in the insurance company, the Union Casualty Company, of which I am president. But fairness compels me to admit that these figures show con-



An Example of G.E.'s Patriotism

Issued on February 12, 1951, by General Electric, for circulation among General Electric management, a printed form called "Employee Relations News Letter." We read,

"To more and more people it is also getting to be obvious, that the Walsh-Healey and Bacon-Davis acts are not only going to be a source of trouble but are going to have the power to upset any otherwise stabilized wage situation in the hundreds and hundreds of communities where defense production or defense construction are to be carried on."

"They are no longer necessary in the slightest, even by the assumption under which they were passed almost twenty years ago. Their further operation will simply be inflationary—with no excuse for it."

"Probably the one item that is getting the most attention right now, and proving the most troublesome, is the time and one-half for overtime provision in the Wage-Hour Law."

"Yet more and more people including conscientious politicians of varying party affiliations are beginning to realize fully the inflation and taxation

elusively that justice was on the side of the strikers, and that the cause of the strike was the unjustified obstinacy of the railroad owners.

ALFRED BAKER LEWIS"

difficulty presented by overtime pay."

Well, that reads plainly enough—G.E. would like a longer work week, but for straight time.

Workers fought for the 8-hour day and the 5-day week for many years. Finally today it is commonplace throughout industry. Laws, such as Walsh-Healey and Wage-Hour, were enacted to prevent unorganized employers from chiseling. The laws were enacted as a result of the deplorable conditions that existed, particularly in unorganized manufacturing companies.

Overtime pay was designed to discourage long work days and long work weeks. We worked 48 hours a week in G. E. not so many years ago — 8 2/3 hours a day and up to Saturday noon for straight time. There were depressions then, with workers sent home and laid off for lack of work, and wages were much lower.

You're on the wrong track, Mr. Boulware. Overtime pay won't hurt the War effort. That was proved during the last war. While you are searching for patriotic things to do, how about sharing with the G. E. employees part of that all-time profit pie you are eating.

And incidentally, speaking about laws that are a detriment for the majority of the people, how about the Taft-Hartley Act? And if you want to look at some that are older than 20 years, take a look at the State compensation laws, that pay a maximum of \$32.00 per week to a worker if he is injured while working for G. E. Not very inflationary, or adequate, are they?

ELECTRICAL UNION NEWS

THE VOICE OF THE UNITED ELECTRICAL, RADIO & MACHINE WORKERS OF AMERICA — LOCAL 301, U.E.

Vol. 9 — No. 5

SCHENECTADY, NEW YORK

Friday, March 16, 1951

They Won't Fit



I.U.E. Cannot Negotiate Wages for Members

The I.U.E.-C.I.O. cannot negotiate wages or anything else with the company this year because of the contract they signed in 1950. They are obliged to accept whatever the Bureau of Labor Statistics shows on cost of living increase. Organized labor has been on record for years as condemning the Bureau of Labor Statistics for not being adequate. Now with idle time on their hands the I.U.E. will do what it can to disrupt the unity of the U.E. membership, hoping that we will not be successful in negotiating a substantial raise for our members.

The G.E. workers have lost approximately 32c per hour since the end of World War II. The company has the ability and the means to pay. Day work classifications and craft rates need further adjustments to eliminate inequities. The I.U.E.-C.I.O. cannot do anything about that this year. They agreed that the present paid rates are O.K. when they signed their contract.

If the I.U.E. wants to spend their time in the interest of G.E. workers, they should be planning how they can eliminate the sell-out provisions in the contract they signed last year.

For example—

Piece Workers on Prices

Article XI—U.E. Contract Section 5-d

"When a change in method is made which does not reduce the job value on which a price has been computed, the Company will time study the job and set a new price which will give the operator at least the same hourly earnings as he made on the old price."

Article VI—I.U.E. Contract Section 4-b

"Where a change in manufacturing method is made which does not reduce the job value on which the original price was computed, the adjusted price will be in direct proportion to the change in allowed time for the part of the job affected by the new method, and the Company agrees that the new price shall afford the employee an opportunity to maintain his former earnings."

The whole I.U.E. contract embodies such provisions, which allow for the breaking down of existing working standards for G.E. workers.

Matles and Tice Acquitted

James J. Matles, Director of Organization, was acquitted last Thursday by Federal Judge Dickinson Letts.

Matles refused to answer questions of the Un-American Activities Committee that were designed to hurt members and leaders of our Union. He told the committee that they were being used to break up an honest rank and file Union. Matles further pointed out that the main purpose of the committee's investigation of the U.E. was to give Carey and Murray of the C.I.O. a smear record that could be used by them in the N.L.R.B. elections between the U.E. and the I.U.E.

Esther Tice, member of Local 766, Cincinnati, on trial charged with contempt of Congress for refusing to assist the Un-American Activities Committee frame herself and others, was acquitted last Monday in Federal Court by Judge Kirkland. During her trial it was evident that the prosecution was embarrassed when the question of a forgery used as evidence by the Un-American Committee was brought forward by U.E. General Counsel David Scribner.

Miss Tice was fired from her job at the Formosa plant in Cincinnati following the Un-American hearing in that city. She was an active leader and officer of the local union there.

Labor Still Off Freeze Board

The demand raised by U.E. members at the February 11th conference in New York that labor representatives get off the Wage Stabilization (Freeze) Board brought results.

C.I.O. leaders Murray, Carey, Rieve, etc., who earlier ran to Washington, confidently promising to freeze the wages of their members and begging to be given the opportunity to sit on the Freeze Board, found themselves facing a full scale revolt on the part of the rank and file members, which brought prompt resignations of the labor members of the board. This action took place four days after the demand was raised by the U.E. Conference Boards.

The U.E.'s position was and still is opposition to a wage freeze of any kind. Labor representatives should not have accepted positions on the board in the first place.

Taxes and Living Standards

The Bureau of Labor Statistics claims a worker with two children requires an income of \$3500.00 per year to provide a necessary minimum of food, clothing, housing, medical care, and other goods and services needed to maintain health. The \$3500.00 does not cover Federal or State income taxes, social security taxes, life insurance, or other necessary items.

The average manufacturing wage in December 1950 to January 1951 was \$63.40 per week, approximately \$3300.00 per year. Out of this, taxes are approximately as follows.

	Federal Tax	Social Security Tax 1 1/2 %	Total Federal Payroll Tax
Single worker	\$488.00	\$49.50	\$537.50
Married, no child	360.00	49.50	409.50
Married, 1 child	240.00	49.50	289.50
Married, 2 children	120.00	49.50	169.50

A worker getting \$3300.00 a year, with a wife and 2 children to support, now brings home only \$3130.00 after Federal payroll taxes as shown above. Out of this \$3130.00 he must still pay around \$550.00 taxes on goods and services which he and his family buys. Federal excise or sales taxes take about \$130.00. These are mainly taxes on liquor, tobacco, jewelry, telephone, amusements, household appliances and everything involved in buying or operating an automobile.

Other taxes, mostly business or property taxes, passed on to consumers, amount to approximately \$420.00. The most important of these are general sales taxes, state taxes on motor vehicles and fuels, local property tax paid directly if you own a house, or indirectly through rent if you are a tenant.

The proposal by U. S. Treasury Secretary Snyder to the House Ways & Means Committee on February 5, 1951,

Now Go After The Big One



would increase the present tax burden on the same worker from \$720.00 per year to \$800.00.

The N.A.M. and the U.S. Chamber of Commerce propose to cut income tax exemptions from \$600.00 per dependent to \$500.00 and to enact a Federal Sales Tax. This would increase the tax load on the same worker to an estimated total of \$1,000.00 per year.

The U. E. put the following proposals before the Administration and Congress.

1) No taxes should be levied on American families whose income is not large enough to maintain living standards at minimum adequate levels of health and efficiency.

2) Tax revenue can be made without causing real hardship from sources of large income and wealth now escaping adequate taxation.

3) Federal income tax exemptions should be

	Present	U.E. Proposal
Single person	\$600.00	\$1600.00
Married Couple	1200.00	2400.00
Married, 1 child	1800.00	3000.00
Married, 2 children	2400.00	3600.00

and so on, allowing \$600.00 for each additional dependent.

G.E. to Use I.U.E. Again

Wage negotiations are here again -- so Mr. Stevens, Asst. to the Schenectady Works Management, notified the Union office Thursday morning that they would permit the I.U.E. to distribute their literature at plant gates if they would make arrangements similar to the ones made by the U.E., the collective bargaining agency.

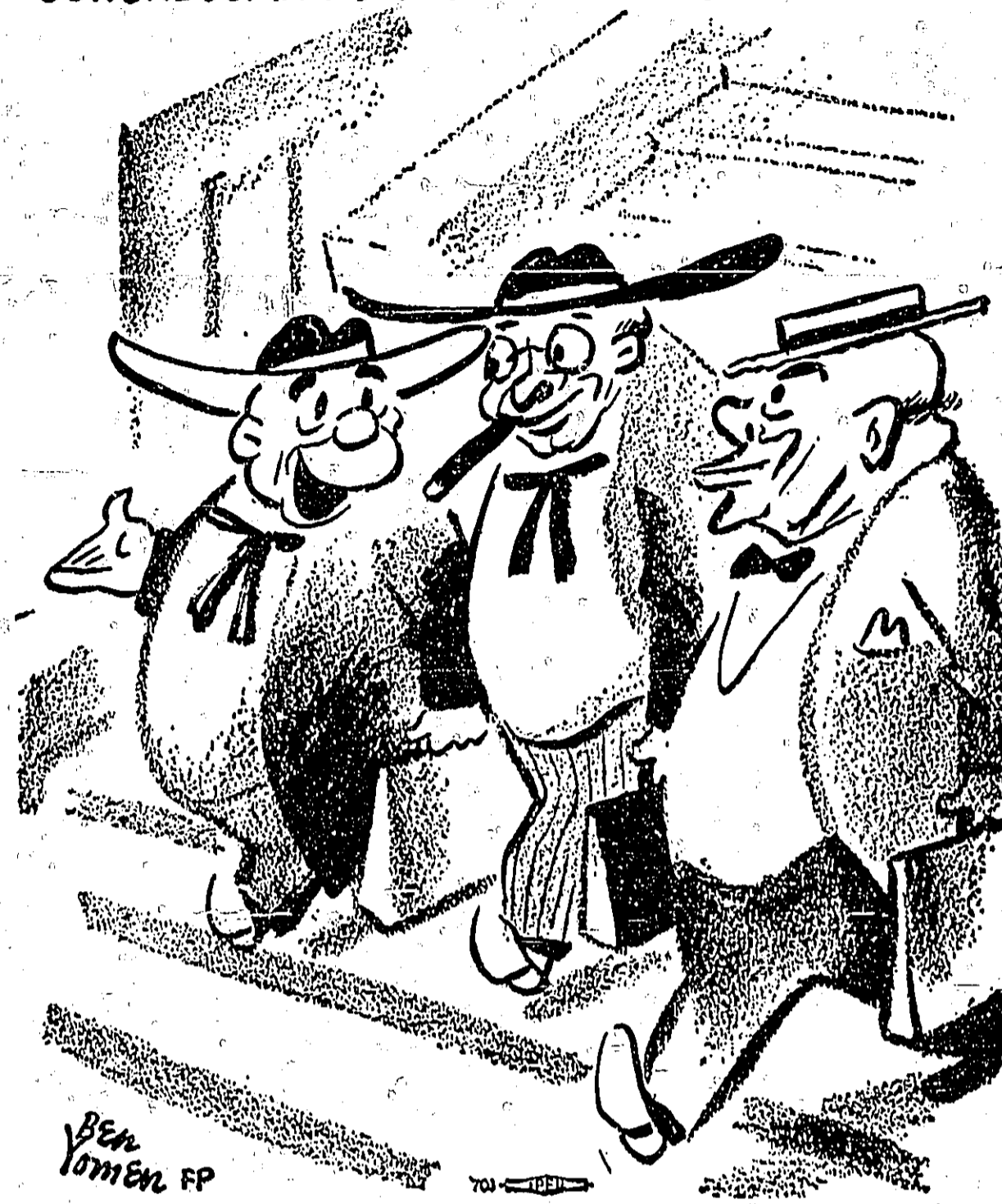
The Business Agent, Leo Jandreau, pointed out to Mr. Stevens that the I.U.E. was not the bargaining agency that was decided upon by the majority of the employees last year at a N.L.R.B. election. He further pointed out that many members of U.E. Local 301 had protested to the Union office that morning.

Mr. Stevens still claimed that they would give the I.U.E. equal consideration.

Jandreau reminded the Assistant to the Manager that U.E. Local 301 was obliged to go to the N.L.R.B. because G.E. had objected to the passing out of the U.E. Local 301 regular shop newspaper. The Board had ruled giving permission to the Union as the bargaining agency to pass out the papers. Stevens would not change his position.

CONGRESSMAN DRIPP

BY YOMEN



"All the committees are using the red angle now. So I figured the only way to beat the competition was to call in some Hollywood people. That's surefire stuff."

Community Service Fund O.K.'d

At the March Stewards-Membership meeting an Executive Board recommendation for approval of the solicitation of G.E. employees for subscriptions to the Employees' Service Fund was overwhelmingly carried.

A previous motion passed by the membership was reconsidered by over a two-thirds majority standing vote.

The recommendation of approval stated that the solicitation of employees be kept free from any intimidation or coercion.

More Blood Donors Needed

Ben Tagliatela, Building 85, is requesting help from any member who may have a rare type of blood, described as A.B. negative.

This blood is needed for his mother who will undergo a very serious operation. Any volunteers can get in touch with Ben in the shop or call the union office.

The Union allows 1 hour lost time for

Stop to Find Work

Last Tuesday a foreman in Bldg. 17 notified a machine operator that there was no work on his job because the orders had not been released from the office. This had happened several times before. The foreman offered to give the operator another job that would have reduced his earnings. The operator objected, pointing out that there was plenty of work on his own job if the foreman would insist on getting the orders released. The foreman refused to do this and told the operator he could take a pass and go home.

The shop steward was called in and he reminded the foreman there were two shifts on this job and there should be at least 40 hour per week. However, the foreman still insisted that the slitter operator go home or take the lower earning job.

The men in the group stopped work for about five minutes. Plenty of work was immediately found for the slitter.

those members volunteering blood donations.

Legislative Sub-Committee Takes Action

Upon approval of the March Membership Meeting the sub-committee of U.E. Local 301's Legislative Committee went to Albany to register a protest against pending legislation that would undermine the present Unemployment Insurance Bill. The Hughes Brees Bill would, if passed:

1. Reduce the number of weeks from 52 weeks to 26 weeks.
2. It would exclude many thousands of workers if they had not worked 20 weeks for the last employer.
3. The employer would be given more authority to determine whether a worker would be eligible for insurance.

Oswald Heck and Tom Campbell, the Assemblyman and Senator from Schenectady, were contacted by the committee and were requested to do everything in their power to defeat this bill.

Dewey Brashear, chairman of the sub-committee, appeared and spoke at a hearing on the Defense and Emergency Act which was conducted by the Committee on National Defense and Military Affairs. Brashear spoke out against the bill, saying:

1. The use of prison labor in competing with labor in industry would be detrimental.
2. Would give Gov. Dewey power to order a 12-hour work day at straight time.
3. Would give Gov. Dewey power to outlaw present contract protection on the job.

The sub-committee consists of Brashear, chairman, John Green, William Stewart, Serrafin Pita and William Christman.

The Legislative Committee will make a full report to the April Membership Meeting.

Activities Committee To Hold Dance

The Activities Committee of U.E. Local 301 is making arrangements for a dance to be held at the State Armory in April. According to Mike De Celli, Chairman, and O. B. Phillips, Secretary, the committee is in the process of making final arrangements and are trying to get Louis Prima's band for the affair.

At the time of going to press no specific information was available from the committee. However, progress on the plans of the committee will be reported to the shop stewards and in the Union paper.

ELECTRICAL UNION NEWS
 UNITED ELECTRICAL, RADIO & MACHINE WORKERS OF AMERICA
 SCHENECTADY GE LOCAL 301 UE

Published by the Editorial Committee

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301 LIBERTY ST. SCHENECTADY, N. Y.

Workmen's Compensation

Medical Treatment for Injured Workers

(This is the third in a series of articles on Workmen's Compensation written by Leon Novak, the Union's lawyer.)

In the last two articles, I pointed out that an injured worker must report an accident immediately in order to protect his rights to compensation benefits.

From the time he reports his accident it is up to him to protect his health in order to get well as soon as possible. After all, compensation benefits at best are only \$32 a week and nobody today can live on that sum and support a family, too. It is the aim of every injured worker to get well as fast as possible in order to get back to his usual work.

To do this, a worker should see a doctor as soon as possible after he is hurt and submit himself for treatment. Of course, if the accident was not a serious one the treatment will be for a short period of time. If it is more serious, the treatment may extend over a longer period of time.

A worker may wish to avail himself of the treatment offered to him by the Company at its clinic; but every worker should know and remember that when he is injured in the plant he can choose his own doctor either immediately or at any time during which he still needs a doctor's care. He does not have to take anyone's suggestion as to which doctor to go to for treatment. After his doctor files a report with the Company, the Company is required under the law to pay the worker's doctor for the treatments.

REMEMBER, YOU HAVE A RIGHT TO CHOOSE A DOCTOR OF YOUR OWN CHOICE AND THE COMPANY IS REQUIRED TO PAY THE DOCTOR FOR THESE TREATMENTS.

In addition to payment by the Company of medical bills, the Company must also pay for drugs bought by the injured worker. Be sure to get a receipt from your drug store for these drugs. You can then leave these bills with the union's lawyer and he will see that they are presented to the Company for payment.

In the next issue, I will discuss other benefits to which an injured worker is entitled.

YOUR JOB IS PROTECTED BY THE UNION, JOIN THE U.E. AND MAKE THE UNION STRONG.

I.U.E. MEMBERS IN LYNN PROTEST

A leaflet, which reads as follows, was distributed by some I.U.E. members in Lynn, G.E. last week:

Attention! Attention! IUE-CIO Members, Local 201, Lynn and Everett

1. Last May 25, 1950 our Union, IUE, won an NLRB election and defeated the UE. Most of us who are issuing this pamphlet were actively engaged in the promotion of IUE and the destruction of UE.
2. We were told, and believed, that IUE-CIO would protect the conditions in the plant, and that IUE would be a better union, acceptable to all. There is no sense in hiding the fact that since last May 25 the shop conditions have grown steadily worst, and there is more disunity among us than ever.
3. Management disregards almost completely the rights of employees in relation to up-grading and transfers. New people come in right off the street and take jobs which should go to older service employees by upgrading. Our union leadership has done nothing about it.
4. The Management carries on, without objections from our leadership, a consistent undermining of the piece work structure. No overall fight against what the Company is doing has been even thought of by our leadership. The grievances that the members force the leadership to take up are lost in the shuffle. Dues collections is the only aim of our IUE-CIO leadership.
5. For months we have wondered why our union is not more effective, and we have come to the conclusion that the answer is very simple: our leaders have tried to turn us into a company union. Whatever time they spend on discussing grievances against the Company, is devoted to giving excuses FOR the Company.
6. No honest attempt is made to protect the members against the Company. Just so long as the leadership continues to act like a company union, people will continue to refuse to join, and some members are already beginning to resign.
7. Unless there is a real change in the actions of the leadership, the IUE-CIO will fold up and die.
8. We are not a political group or a committee of self-seekers. We are going to give our whole hearted support where it belongs—to the rank and file for a better union. This pamphlet is not paid from your union dues, but by voluntary contributions of IUE members.

"Signed By:
LOCAL 201, IUE-CIO
COMMITTEE FOR A BETTER UNION"

Peter Mazur	J. Cerella	A. Gotz	C. Blanchard
Arthur Ducey	Wm. D. Moore	A. Meadows	E. J. Shea
Wm. B. Chorlton	Robert A. Holland	Leo McHatton	W. Jepeon
L. Marzinskowski	E. A. Szckneg	J. Conlin	T. F. Merabito
R. Caso	John Samara	A. DiSanzio	L. Murphy
G. Powers	C. Curdo	J. Burakas	Al Puglia
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A. Sartini	J. Magee	C. Patterson	J. McPhilmay
J. M. Clorey	Guy Holt	Pat Walsh	L. Ricci
A. Verrochi	W. A. McDonald	W. Roth	Harold Mallet
C. Bakas	C. Prime	John Bock	Robert Holland
Matthew Farreher			

Membership Approves Open Charter

The March membership meeting approved a recommendation of the Executive Board to open the charter of U.E. Local 301 for the month of March. This means that you may join the Union without payment of an initiation fee up to the 31st day of March.

This action was taken in light of the coming wage negotiations with the company and to relieve anyone from having the reason of not being able to afford the initiation fee.

There was a recommendation made at the same meeting to have the constitu-

tional committee consider a higher initiation fee than \$2.00 after the charter closes on March 31st.

Those people who have been expelled will have to appear before the trial committee for a hearing and recommendation from the committee to a membership meeting before they can be admitted again to membership. Those members who have resigned since Jan. 1st, 1951 must pay all their back dues to the date of resignation plus an initiation fee before they can be reinstated. There are 85 expelled ex-members and 51 who have resigned since Jan. 1st. There are 12,000 members in good standing as of March 1st, 1951.

U.E. Meeting Held in front of Bldg. 53 3/28/51

12:05 - 12:25 P.M.

This was a Union held in Company property without any notice to Management as far as can be determined. Sabotage first learned of it when we received copies of the attached writings on 4/13/51.

The meeting was first noticed by Sgt. Burroughs of the Patrol Div. who requested a copy of the literature passed from me to the men attending the meeting. He estimates there were about 150 people there and the meeting ran from 12:05 - 12:25 P.M.

Carl Gehbart Gen Foreman Bldg 285 asked by this group in his way to lunch that day. He confirmed the fact the group were talking about the information contained in the first sheet attached hereto. He says they were electioneering concerning the possible outcome of the U.E. - I.U.E. controversy, saying how people should stick together and get tied up with a part time contract. Gehbart says Esposito looked to the group and apparently read from the top of the attached sheet. He says all Central Shop Stewards + others attended the meeting.

The attached copies are the only ones available. Copy 4/16/51

2-97-11
12-25
Justice Dept of
L.H. 11

Cost of Living Escalator Clauses

The main objective of any union which puts the welfare of its members first is to improve the standard of living of its membership.

Militant trade unions have therefore opposed tying workers' wages to so-called cost of living or escalator clauses. These clauses keep workers on a treadmill which prevents any improvement in their standard of living.

Moreover, because these cost of living clauses measure the increased cost of living by means of the extremely inadequate BLS Consumers' Price Index, wages tied to these clauses actually lag far behind the true cost of living.

CIO officials such as Reuther and Carey, by accepting clauses tying wages to the cost of living, agreed to freezing their membership's standard of living. CIO and AFL officials on the Wage Stabilization Board then agreed on December 17, 1950 that the people's purchasing power was too great and had to be limited, thereby extending the freeze to the living standards of all workers. The labor officials walked out of the Wage Board, not because they opposed a wage freeze, but because of a disagreement over the wage-freeze formula. Those labor officials who have voluntarily frozen wages in their own contracts are anxious to have all other workers' wages frozen on the same basis by tying their wages to the cost of living.

Cost of Living Clauses Hold Down Workers' Standard of Living

The increased productivity and speed-up of workers has meant that the wealth of the country has grown enormously, almost all of this increased wealth being pocketed by the great corporations. Wages tied to the cost of living guarantee that the corporations will continue to pocket this increased productivity while workers stand still.

Under the BLS escalator formula, whether prices go up or down, the worker keeps producing more and more, but what his wages can buy remains fixed.

When the CIO was a militant, fighting organization it fought against cost of living clauses. At the 1939 CIO Convention, a UE-introduced resolution condemning such clauses was unanimously approved:

"The CIO hereby condemns as pernicious and inadequate the principle that wage increases must be related to increases in the cost of living as simply a way to chain labor forever to its present inadequate share in the wealth of this country."

John L. Lewis, then President of the CIO, supported the motion as follows:

"I think it is well that our people should be constantly on guard and, without apology, at all times decline to accept that status that is given labor by those who say... 'Oh, yes! I am perfectly willing that if the price of milk goes up in a community, wages shall be increased so that the worker can still get exactly the same amount of milk for his children.'"

Wages Tied to Cost of Living Clauses Lag Behind the Cost of Living

Wages tied to cost of living clauses actually mean a declining living standard for workers because the BLS Consumers' Price Index does not accurately measure the increased cost of living.

During World War II, the AFL and the CIO, including the UE, co-operated on a study which showed that, while living costs had actually increased by 45% between January 1941 and March 1944, the BLS Consumer Price Index showed an increase of only 22.8%. In other words, a cost of living escalator clause would have given workers with a \$1 an hour wage an increase of 22.8¢ an hour, while in order to keep up with prices they would need to have a 45.3¢ increase.

At the present time the BLS Consumers' Price Index underestimates the actual increase in the cost of living to an even greater extent. How is it that the BLS underestimates prices so greatly?

1. The BLS measures the price of the same product only. It doesn't measure the increase in price due to the fact that a worker can not find a less expensive product and has to buy a more expensive product instead. At present manufacturers are dropping their low-priced lines. If the worker cannot find a \$2 shirt and has to buy the \$3 product, the BLS does not count this as an increase.

2. The BLS does not measure the increased costs to a worker because of poorer quality of the goods he buys. For example, the U.S. Dept. of Agriculture has re-labelled the quality of inspected meat so that "choice" is now labelled "prime," "good" is labelled "choice" and so on. The worker who thinks he is buying the best quality of meat, formerly called "prime," will be getting the second best quality. The BLS will not show a price increase because of this change in quality.

Similarly, if the landlord refuses to paint or repair and the worker has to do it himself, this will not be measured by the BLS.

3. The BLS does not include Federal taxes in its index. Since 1939 Federal taxes have increased by \$120 a year for the average worker, and the proposed Administration tax program will increase taxes to an even greater extent.

4. If a worker has to move from one house to another, or from one city to another because of his job, extraordinary costs such as these are not counted by the BLS at all.

5. The UE is now in the process of working up its own estimates of increases in workers' cost of living. We have found extreme shortcomings in its estimates, even when compared to other government studies. For example, the BLS states that rents have increased by only 18% between April 1940 and April 1950; the U.S. Bureau of Census figures reveal an increase of 65% in average rents.

The UAW officials who first accepted the escalator clause in General Motors in 1948 have themselves criticized the GM escalator clause under pressure from the membership.

During the two-year period from June 1948 to August 1950, under this escalator clause, GM workers received a wage cut of two cents an hour from the richest corporation in the world. During that period of time decreases of 5¢ an hour cancelled out increases of 3¢ an hour based on the cost of living. During that period of time General Motors made profits of \$2.4 billion, equal to \$1.29 for every hour worked by its employees (see table attached).

Between the start of the Korean war and the end of 1950, inflation has been so great as to result in cost of living adjustments amounting to 6¢ per hour for each GM worker. But what GM workers can expect to happen under this escalator clause under their five-year contract is shown by what happened during the past two years.

On July 9, 1949, just before the CIO Convention, Reuther reaffirmed the "historic opposition" of the union to escalator wage clauses, and said that it was "an experiment that would not be repeated. He said that the union no longer would be willing to accept pay cuts at any time because of decreases in the cost of living. (New York Times, July 10, 1949)

On March 6, 1950, when GM workers lost 2¢, Johnstone, head of the UAW-GM chain, stated:

"We deeply regret that the General Motors Corporation has taken advantage of the drop in the Bureau of Labor Statistics cost of living index and reduced the wages of its workers by two cents per hour...We contend that the profit position of General Motors makes such a reduction morally indefensible. When the contract was signed, it was hardly anticipated that GM would set a world record of more than \$600 million profits after taxes."
(United Automobile Workers, March 1950)

In May 1950, the UAW officials agreed to the five-year contract embodying the cost of living escalator clause and continuing the company's right to unlimited speed-up in exchange for a union-shop check-off clause.

In September 1950, the IUE agreed to a cost of living escalator clause with General Electric based on the change in the BLS price index between Sept. 1950 and March 1951. So far, the latest BLS figures for January 15 call for a 6¢ an hour wage increase. But no matter what the final BLS price index for March 15 will yield in wage increases, workers in GE plants headed by IUE company union leaders will actually suffer a fall in their standard of living.

1. On Oct. 1, 1950, a Federal tax increase cut workers' wages by up to 5¢ an hour. The BLS price index does not measure the effect of increased Federal taxes.

2. The BLS price index, since it does not measure such things as disappearance of low-priced articles from the shelves and quality deterioration, will understate the rise in the cost of living by an additional 3¢ or 4¢ an hour.

3. The productivity of GE workers has been so great that GE's profit take from each worker has increased from \$1,135 a year in 1949 to \$2,015 a year in 1950.

Comparison of
Wages under General Motors Cost-of-Living Escalator Clause
and
Company Profits

<u>Cost of Living</u> <u>Quarterly Adjustment Dates</u>	<u>Cost of Living</u> <u>Quarterly Adjustments</u>	<u>GM</u> <u>Quarterly Profits</u>
Contract signed May 29, 1948		
May 31 to Sept. 1, 1948	+ 3¢ increase	\$ 219,152,550
Sept. 1 to Dec. 1, 1948	None	213,980,878
Dec. 1, 1948 to Mar. 1, 1949	- 2¢ cut	232,252,338
Mar. 1 to June 1, 1949	- 1¢ cut	292,031,305
June 1 to Sept. 1, 1949	None	344,602,386
Sept. 1 to Dec. 1, 1949	None	256,041,643
Dec. 1, 1949 to Mar. 1, 1950	- 2¢ cut	361,358,765
Mar. 1 to June 1, 1950	None	<u>469,314,624</u>
Total - 2-year period	- 2¢ cut	\$2,388,734,489

Profits per Worker for 2 years \$5,159

Profits per Worker per Hour \$1.29

(union mimeo)

The living standards of the American people including General Electric workers are being undermined by soaring prices, increased productivity and speed-up, and unfair taxes. These higher prices, increased productivity and taxes which pay for enormous war contracts, have resulted in extortionate profits for big business corporations.

3/28/51

General Electric Workers' Wages Compared to Company's Profits

Between January 1945 and January 1951 weekly wages of General Electric workers increased 33 percent. During that same period of time, consumers' prices have increased by 42.9 percent even according to the Bureau of Labor Statistics' figures which grossly underestimate the increase in cost of living.

As a result --

1. the weekly purchasing power of General Electric workers is an estimated \$5.15 a week less than it was at the peak of World War II.
2. In 1950 General Electric's profits after taxes amounted to \$173,400,000 - an increase of 194 percent over profits in 1945, the peak of World War II.

General Electric Workers' Increased Output Compared to Company's Profits

Between 1945 and 1950, the output of the average General Electric worker increased by 26 percent. This increased output plus the increased cost of living should have increased the average worker's wages by \$24.69 a week. (62¢ an hour)

Instead the Company pocketed the value of the increased output in the greater profits it extracted from each worker. At the end of 1950 it was taking \$2,015 in profits a year from each worker.

Even with a 32¢ an hour wage increase for all employees its profits per worker would still be at the annual rate of \$1,542, far greater than in any other year.

Wages of General Electric Workers Below Minimum Budget

Workers of the wealthiest electrical corporation in the world still do not possess a minimum adequate standard of living. The average annual wage of a General Electric worker is \$3,500 a year. But based on Bureau of Labor Statistics' figures, a family of four needs \$3,888 a year for a minimum standard of living.

And based on the figures of the authoritative Heller Committee of University of California, a family of four requires \$4,263 a year for a more adequate American standard of living.

The UE demand for 32¢ an hour would merely bring the average GE worker's income over the BLS minimum to within sight of the Heller Committee American Standard of Living.

At the rate of GE profits at the close of 1950, the Company could grant each of its employees a 32¢ an hour wage increase, and its profits after taxes in 1951 would still be \$20,000,000 greater than its profit in 1950, its previous record year.

Wages Frozen, Company's Dividends, Executives' Pay and Prices Go Up

Dividends -

In February 1951 after the wage freeze, General Electric voted a 25% increase in dividends in February 1951 mainly benefitting the top three percent of the Company's stockholders who hold 62 percent of the stock. Since 1945, dividend payments have increased 163 percent.

Executives' Pay -

The Company is not freezing its payment of bonuses to executives. The Company plans to distribute \$10,000,000 to its top executives in 1951 under its "extra compensation plan", an increase of 46 percent over its distribution in 1950 to its 2,400 top executives. Charles E. Wilson, formerly President of the Company received \$152,000 in "extra compensation" in addition to salary and fees. His share of this "extra compensation" from the 1950 profits will approximate \$222,000.

Prices -

While wages are frozen, Defense Mobilizer Wilson and Price Administrator DiSalle have exempted all items purchased by the military departments from price control until April 1, 1951. Thereafter the exemption will continue to apply to all heavy weapons and equipment, electronic and communication devices and developmental contracts. This regulation coupled with use of negotiated (non-competitive) bids for 90 percent of present military contracts, spells unlimited profits opportunities for companies like General Electric. Economic Stabilizer Johnston states that Companies' higher prices charged the Government have already eaten up the 4½ billion dollars tax increase of last fall obtained largely from the pay envelopes of wage earners.

Workers' Savings versus GE Company's Reserves

According to the U.S. Federal Reserve Board, the average skilled and semi-skilled worker in 1950 had savings of only \$150 in bank accounts, postal savings and government bonds; the unskilled worker had no savings.

The average GE worker who buys a house, is lucky if he can repay the

mortgage in 25 years.

The General Electric Company, on the other hand, has undistributed profits amounting to \$506,000,000 even after the payment of dividends of over 1.4 billion dollars. These undistributed profits amount to \$2,525 per worker. In other words, the General Electric Company's undistributed profits is 17 times greater than the personal liquid savings of all its workers.

In addition, the Company spent \$500,000,000 after World War II to buy new plant and equipment, \$200,000,000 of which it had to borrow. Although most of this loan was not due until 1966, the Company has repaid all of it out of its huge profits, and is planning a further expansion program.

Workers' Taxes Means Profitable War Contracts for General Electric

Taxation is supposed to be based on ability to pay. All profits should be taxed out of swollen war contracts.

But the average worker with two children making \$3,300 a year has to pay over \$700 in Federal, state, city, direct and indirect taxes. One day's pay out of every week goes into taxes for the average family whose income already is below subsistence levels.

Although the greatest proportion of these taxes are going to companies like General Electric in lucrative war contracts, these corporations are escaping heavy taxation. During World War II, General Electric paid 75 percent of its profits in Federal taxes, under a tax law which President Roosevelt criticized as "relief for the greedy and not the needy." But in 1950, with its profits far greater than that in World War II, General Electric paid only 53% of its profits in taxes.

Company's Low Wage - High Price Policy

UE won a 10¢ an hour wage increase amounting to a 7 percent increase in hourly earnings in September 1950.

The cost of this wage increase amounting to 2½% of prices could easily have been absorbed by the Company's enormous profit margin of 26% on the sales dollar during the last three months of 1950.

Instead, after registering enormous profits in the first nine months of 1950, it increased its prices 11½ percent during 1950. As a result it reported a greater profit in the last quarter than in any entire World War II year.

The Company's prices increased, not as a result of the moderate wage increase, but as a result of its greed for profits at the expense of higher prices charged the consumer and the government.

Women Exploitation versus Company's Profits

In 1945, a Labor Board found that exploitation of women existed in General Electric. The Board found "substantial differentials between rates for women's and men's jobs which cannot be justified on the basis of comparative job content." The Board recommended a 4¢ general wage increase for women with certain exceptions plus a fund of 2¢ an hour, as a "step" in elimination of differentials.

To this day the Company has refused to go along with these minimum recommendations, making only minor adjustments in jobs worked on by women. In some plants the lowest women's rate is as much as 21¢ an hour below common labor.

The Company makes super profits on women. In the lamp department where the overwhelming majority of employees is women, the Company's rate of return on invested capital is 60% higher than the rate of return on the rest of the Company, according to the U.S. Department of Justice.

Company Sets Up Plants in Low Wage Area to Increase Profits

The Company has been building new plants in low wage areas where it sets lower rates for higher work loads. These newer plants with rates as much as 20 cents an hour lower than those in established plants threaten to undermine rates in the entire Company.

The Company claims that cost of living is lower in these communities. But according to U.S. Government figures the cost of living is 5.4 percent higher in Boston than Cleveland. But GE workers at East Boston Lamp Works receive 17¢ an hour less than GE Cleveland lamp workers for common labor jobs.

The Company has been able to build these plants with its enormous profits made at the expense of the consumer through price gouging, at the expense of its workers through speed up and at the expense of the American taxpayer through tax concessions and cheap plant purchases from the Government. The Company bought 21 plants from the Government at 60 percent of cost during a period of inflation. Now the Company expects to intensify its profiteering at the expense of workers in these new plants.

(union mimeo)