f 2 Unions

Mke. journal - 2/13/64

Union Calls 103 for Topping Quota

7 - Labor Unions

UAW Local to Hold Hearings on Piecework at Wisconsin Motor Corp.

Local 283 of the United Auto Workers notified 103 members Wednesday that they had exceeded the union's piece work quotas at the Wisconsin Motor Corp., 1910 S. 53rd st., West Allis. Tsk tsk,

The union said that most of the "offenders" were new employes who probably did not understand the complex quota system, but that about 25 appeared to be persistent "violators."

All 103 were told to appear next week for hearings before a union committee, which could fine them $1 for each violation. In actual practice, however, first offenders are not fined, but only given an explanation of the system.

If someone in the union prefers charges, persistent offenders can be tried by a union board, fined up to 100 each and expelled from the union for "conduct unbecoming a member."

Upheld by NLRB

The national labor relations board last month upheld the union's right to levy the fines as a matter of internal union discipline. The decision came after prolonged litigation.

Still pending in circuit court is a test case to determine whether the union can collect the fines through court action.

The 103 alleged violations were detected in a spot check of the workers' production cards for Jan. 9. In the cases of those suspected of persistently exceeding the quotas, additional records were checked. The union said it continued to check cards at intervals during the two and a half years that the case was before the NLRB.

Set in Bargaining

The union said Thursday that the piecework ceilings were established in negotiations with the company and approved by a majority of the membership.

The NLRB case was initiated by four workers who were fined $50 to $100 as persistent violators of the quotas. They charged that the fines subjected them to duress.

Workers who exceed the quotas on a given day are allowed to "bank" the additional earnings against a slow day in the future, but they are subject to discipline if they turn in the excess production for regular payment.

C.P.O.

Bill Holden

Picket Line Battle at Allis Chalmers

TERRE HAUTE, Ind., July 28 (AP) —Club-swinging and knife-wielding members of two rival unions engaged in a brief but fierce skirmish today outside the Allis Chalmers plant.

Sixty police officers led by Chief Frank Riddle charged in and separated the combatants but not before eight had been injured, one of them seriously.

Members of the AFL International Union of Operating Engineers charged through a picket line of the CIO-United Auto Workers, which struck the jet engine parts plant May 7 for higher wages and a union shop.

Most seriously injured was John Martin of Paris, Ill., an AFL member. He suffered a punctured lung from a stab wound.

Others suffering from cuts, bruises and slashes were John Bartee of Indianapolis, a CIO official; Dwayne Wyatt, Terre Haute; Frank Rambis, Shelburn, Ind.; Paul Long, Brazil, Ind., Melvin Brinson, Clay City, Ind.; Lester J. Kite, Clinton Ind., and Clarence Brading, Paris Ill.

In addition to Bartee, other injured identified as members of th CIO group included Brinson an Wyatt. Martin and Brading identi fied themselves as AFL member

No union affiliation was estab lished for Kite, Rambis and Lon

After the fight was over Mayo Ralph Tucker asked Allis Chalme officials to close the plant. Marti Carson, general superintenden said the Mayor's request would b referred to Allis-Chalmers official at Milwaukee.

Extended private prop.
-- e.g. citizenship in
higher wage country.

Find name for concept
Or just point out it
is form of private prop.

5-21-58

UAW Loses Appeal in High Court

WASHINGTON, May 26 (AP) — The Supreme Court today upheld State court damage awards to an Alabama electrician who said pickets kept him from working and to a California workers who charged he was illegally expelled from a union. The decisions have far-reaching implications for labor unions.

In each case the court split 6-2 with Chief Justice Earl Warren and Justice William O. Douglas dissenting. Justice Hugo Black took no part.

In the Alabama case a Decatur electrician was awarded $10,000 damages in a suit against the United Automobile Workers.

In the California case a San Francisco machinist won a $9300 judgment for alleged illegal expulsion from his union.

IMPORTANCE

The importance of the cases stems from the high court's rejection of union arguments that such suits cannot be brought in State courts.

Warren said in his dissent to the Alabama decision that the majority view could open the way for staggering punitive damages making it too risky for unions to engage in some activities protected by Federal law.

In the California case the court ordered the International Association of Machinists to pay Marcos Gonzales $6800 for lost wages and another $2500 in damages for "humiliation, anxiety and degradation."

The decision upheld an original judgment by San Francisco Superior Judge John B. Molinari.

Gonzales was expelled from Lodge 68 of the IAM union in 1952 after a bitter political row within the union.

CONTENTION

When he brought suit for reinstatement the union's attorneys contended the courts had no jurisdiction. They insisted Gonzales' complaint should have been made as an unfair labor practices case before the National Labor Relations Board.

In the majority opinion today Justice Felix Frankfurther held that while the NLRB could have ordered Gonzales reinstated and compensated for lost wages, it could not have assessed damages against the union.

Thus, Frankfurter said, Gonzales was entitled to demand court relief in order to obtain the extra compensation.

Warren said in his dissent that the court's action "sanctions a duplication and conflict of remedies" in future cases of a similar nature.

ALABAMA CASE

The Alabaman, Paul S. Russell, complained pickets prevented him from entering the plant of the Calumet & Hecla Consolidated Copper Co. in Decatur, Ala., from July 18, 1951, to Aug. 22, 1951.

The UAW, which had been certified by the NLRB as representative of employees of the firm, had called the strike.

Russell earned slightly over $100 a week at the time. He sued the union for $50,000 and a jury awarded him $10,000. His complaint charged mass picketing, intimidation, stopping of his car and threats to turn it over, and threats of personal injury and property damage.

Strike OK By Key Workers

Key System's 1300 employees voted, 8 to 1, yesterday to grant their contract negotiating committee strike authority.

Strike sanction came last night from the Alameda County Central Labor Council.

Vern Stambaugh, president of the Carmen's Union Local 192, said the contract expires midnight Saturday and that the transit company has made no counter proposal to the union's request for wage and holiday improvements.

Airliner Flies Here From L. A. In 60 Minutes

A United Air Lines DC-7 flew from Los Angeles to San Francisco last night in one hour flat, setting a new commercial record for the 353-mile flight.

The plane, piloted by Captain C. J. Riedel, carried 54 passengers and a crew of four. It left Los Angeles at 5:56 p. m. and landed at San Francisco Airport at 6:56.

Only the night before another UAL DC-7 flew from Los Angeles to Son Francisco in 61 minutes. But the record didn't last long.

yards. I could see the pilot."

Captain Surbridge agreed: "The guy was real close—close enough to see into the cockpit. I had a feeling he was making an approach to Hamilton Air Force Base because he was coming in the usual wide arc for that.

"I don't think he saw us or he wouldn't have come that close. I tried to get his number but that's impossible with a jet—they simply go too fast."

Lacking this information, Surbridge said he did not report the incident.

The incident over Salt Lake was disloced by one of United's veteran plane captains, who did not want his name used.

The United plane also was bound for New York nonstop and was flying "cleared on IFR (instrument flight rules) at 21,000 feet approaching the Salt Lake area.

"The first one to see the jet was our engineer," the pilot related. "As far as we could tell, he was less than a quarter-mile from our range. He was flying completely contrary to the altitude assigned, which is for eastbound traffic, and he was westbound."

The pilot added: "It's those mistakes in judgment that cost lives."

SERVICE

Bay Nav By Ike's

The Navy, after short lived suspension of all it jet operations in the Ba Area because of "confu sion" over how to appl new military flight control resumed flying late yeste day.

Rear Admiral Murr Arnold, who commands ai craft at both Alameda an Moffett Naval Air station lifted the ban upon clarific tion from Washington.

The amplication of the ne air safety measures took th form of an exemption of vi tually all jets from havin to comply with the rules.

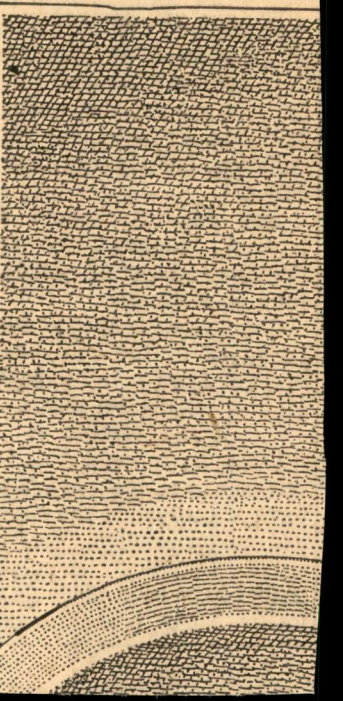
SAME POLICY

The Navy's interpretation and a somewhat parallel opin ion by officers at Hamilto Air Force Base, left militar flying practices in the bus Bay aerial crossroads abou as they were.

Undiminished, in the opin ion of commercial airlin pilots and officials of th Civil Aeronautics Adminis tration, was the danger o mid-air collision.

Admiral Arnold said tha his superiors in Washingto had considered Presiden Eisenhower's directive o last Thursday aimed at in creasing safety in the nation' skies.

They had decided that the



Shipowners Settle With Deck Officers

A wage settlement was made with one maritime union yesterday and talks were underway with another as West Coast shipowners continued their drive for long-term labor peace.

The AFL Masters, Mates and Pilots, after a 2½-hour negotiating session, accepted a 5 per cent wage increase and a 10-cent raise in its 50-cents-per-day-per-man welfare fund.

The agreement, as was reported in The Chronicle, was expected by competent waterfront observers despite some reports the ships officers would block a return to work that started with the end of the two-month AFL sailors' strike on Monday.

Terms of the officers' agreement followed the pattern that settled the sailors' strike. Both contracts will run until Sept. 30, 1953.

Officers reported to their jobs aboard ships yesterday morning while the negotiations were in progress.

A return to normal shipping was hampered by a shortage of longshoremen. Waterfront employers said they had calls for 63 more gangs of the workers than were available.

Base wages for officers before yesterday's increase ranged from $931 a month, for the master of a C-2 cargo ship, to $384 for a fourth mate.

Following the wage agreement, shipowner negotiators held a session with representatives of the CIO American Radio Association in an attempt to settle a dispute over who is to operate radio-telephone equipment.

The CIO radio operators have declared such work is within their jurisdiction and Philip O'Rourke, vice president of the union, has said his members might strike over the issue.

O'Rourke said "no progress" was made during yesterday's talks. He said he would present the dispute to his union's membership today and it would decide any action.

Spokesmen close to the situation did not expect the radio-telephone dispute to cause a new waterfront tie-up.

First Poststrike Ship Sails Here

The first ship out of the port of San Francisco after the waterfront tieup ended was the 7600-ton "Boulder Victory" of the American-Hawaiian Steamship Co.

She pulled out of her slip at Pier 62 at 4:45 p. m. yesterday and headed for Los Angeles to discharge cargo which has been piling up since the strike began.

Matson Navigation Co. said its Lurline will sail from San Francisco tomorrow and Los Angeles Friday with 750 Honolulu-bound passengers.

American President Lines has scheduled a Friday departure for the President Cleveland and the President Wilson will sail on Saturday. Both ships go to the Orient.

and Bill Goetze and the Larry Metcalfs.

ANOTHER OPENING

Nor was there any cessation of activity last night. For the newly decorated Peacock Court of the Mark was previewed, the entertainment piece de resistance being the sensational Peruvian singer with the backward-sounding name, **Yma Sumac.**

Reservations for this affair poured in for a couple of weeks in advance. Among those who had their Indian sign on tables were the **Messrs.** and **Mesdames John Wickett, Boris Kitchin, Garret McEnerney II, George Terrill, Percy Stoddard, Bill Jackson, Captain** and **Mrs. Paul D. Williams, J. L. Browning** and **Philip Fay.**

A no-host table was arranged by **Carmencita Baker** and another Dutch treat one by **Mr.** and **Mrs. Alden Ames. Jack Falvey** was host to a group of friends. **Mrs. Ambrose Diehl** entertained another, as did **Mrs. Harvey Toy.**

ON VISITING ROSTER

Due here today to visit his parents in Piedmont for a month is **Frederick Reimers Jr.,** who has been in South America for a year. The young man was in Brazil most of the time and took a journey into the fascinating Amazon back country.

Several parties already have been planned in compliment to him, including the event his parents will give August 7 at their home. He also plans to participate in the three-day ride at Diablo this week end.

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Coat, China Mink.....	850	275
Coat, Ermine gorgeous..	1200	485
Coat, East. Nat. Mink...	4200	575
Nat. Ranch Mink Coat.	6500	825

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FOUND

Russ Began War, Lodge Tells U. N.

Continued from Page 1

forces of the Communist aggressors over North Korea.

"8—In spite of heavy losses, the Chinese Communist and North Korean air forces have grown until they today have some 2500 aircraft of which half are jets, all manufactured and supplied by the Soviet Union.

"9—The Soviet Union provides the replacement for these aircraft which United Nations forces shoot down over North Korea. Our experts estimate that the Soviet Union has contributed in excess of 4400 planes to fight against the United Nations in Korea.

"10—The anti-aircraft guns in North Korea, including many which are radar controlled, are of Soviet origin."

East and West agreed the Korean question should have first priority in debate. After wrangling over the rest of the list, the Political Committee set this order of business:

1—The Korean question, including the report of the U. N. agent general for Korean reconstruction.

2—Greece's complaint that mem[illegible] armed forc[illegible]

affairs of other nations.

6—Poland's peace plan.

7—U. S. demand for impartial investigation of Communist charges that the U. S. is carrying on bacterial warfare in Korea.

House Bill on Service Ranks

WASHINGTON, Feb. 25 (U.P.) — The House today passed a bill to prevent the demotion of 5400 Navy lieutenants and make it possible for other junior officers in all the services to receive scheduled promotions. The bill puts strict limits, however, on promotions in the higher grades.

Always have wine in the house
CRESTA

39-Cent Steaks

40,000 Pounds of Bargain Beef Here Today---Probably the Last

More frozen New Zealand beef—40,000 pounds of it—will go on sale in San Francisco today, with steaks at 39 cents a pound.

And the sale probably will be the last offering as Milton Maxwell, international vice president of the AFL Butchers' Union, served notice members of his union in this area will refuse to handle the bargain beef after today.

If retailers try to sell it, Maxwell said, "We will walk off the job."

He added there probably will be little of the beef left after today.

Today's sale will take place at Roy's Meat Market in the Crystal Palace Market and in the Annex Market, 1028 Market street, according to Roy Bersaglieri, a co-proprietor of the two shops.

"We'll do our best to sell it all today," he said, after hearing of Maxwell's edict.

The 39-cent price will apply to all steaks, including T-bones and sirloins, he said. Hamburger will sell for 29 cents and boiling meat for 13 cents.

On Tuesday, 10,000 pounds of the imported beef was snapped up by customers at the New Columbus Meat Market, 809 Greenwich street. New Zealand beef had been sold previously in Marin City, Berkeley and Madera at similar bargain prices.

Maxwell had said earlier that it would be all right for retailers to sell the beef they had already purchased — but not additional amounts. Yesterday he said the markets had been given enough time to dispose of their supplies.

He added the beef is way below us in price, and so far as we're concerned we're not recognizing it as union processed."

Officials of the New Zealand consulate here said the beef was processed by union labor before being shipped here.

Study of Unjustified Operations

Needless Surgery on Women Is Reported

By MILTON SILVERMAN
Science Writer, The Chronicle

Nearly 40 per cent of all hysterectomies — operations for removal of the womb—performed in many California hospitals are being performed needlessly.

In at least two California hospitals, more than 80 per cent of these operations were unjustified.

This was reported yesterday by Dr. James C. Doyle of Beverly Hills, assistant clinical professor of gynecology in the University of Southern California Medical School. Details of his findings were published in the Journal of the American Medical Association.

The general situation, which he described in part as "incredible" and "appalling," was based on a study of 6248 routine hysterectomies performed during the year 1948 in 35 private hospitals.

More than two dozen medical experts collaborated in the study.

Although the hospitals were not identified, it appeared that most of them were in Southern California. More than 20 of the collaborating physicians were associated with hospitals in the Los Angeles area. Several Northern California institutions, however, were included.

The survey covered private hospitals operated by nonprofit associations, private owners and church groups.

None of the operations investigated during the survey was done as a medically-indicated therapeutic abortion or caesarean operation for the definite purpose of sterilization.

Of the 6248 patients, Dr. Doyle stated, 340 had no complaints or symptoms. In 788, representing about 12 per cent of the group, there were no symptoms and no disease of any kind.

"An appalling number of the patients aged 20 to 29—about 30 per cent of them—who were subjected to hysterectomy had no disease whatever," he said.

The major complaints listed for most of the patients concerned bleeding from the womb. Normally, the Los Angeles doctor indicated, such complaints would be investigated first by a diagnostic curettage before surgery.

"It seems incredible," he reported, "that 86 per cent of these women were not given the benefit of diagnostic curettage prior to removal of the uterus."

Among the other symptoms which were given to justify the radical operation were "backache" in 705 women, "fatigue or weakness" in 124, "nausea and vomiting" in 96, "nervousness" in 76, "headache" in 62, and "constipation" in 40.

In 370 of the patients, the operation was performed to cure cancer. True cancers were found in 340 of them.

Reviewing the 6248 operations, Dr. Doyle listed 2458 which he and his associates suggested "may be criticized." Careful study after the operation revealed that 788 of these had no disease at all. In 1344 cases, he indicated that fur-

Continued on Page 7, Col. 1

NLRB Rules Textile Firm Must Rehire

DIGHTON, Mass., Aug. 7 (U.P.)—A National Labor Relations Board trial examiner ruled today that a Dighton textile firm which moved to North Carolina after a bitter strike must rehire some 700 workers and pay $1,965,000 in back wages.

Trial Examiner C. W. Whittemore said ir an itermediate report that Mount Hope Finishing Co., Inc., must offer re-employment to the workers either here or in Butner, N. C., where the firm now is situated.

If the company decides to do the rehiring in Butner, Whittemore ruled, it would have to pay workers' traveling expenses as well as lost wages.

A company spokesman promptly announced the firm would appeal Whittemore's decision to the full board.

A complaint by the CIO textile workers of unfair labor practices led to the ruling against the company.

Union say they $ wages for non union. Ridic.

What employer pays more to prevent union? Those I know pay what they must to get workers -- San Joaquin Sweatshops.

If pay more to prevent union, waste time, for higher paid are unionized first.

In every wage Δ, is a macro, inflationary, element; & a redistributive element.

Newspapers, & many ec-ists, stress just inflation element. But only inflates by $-\Delta T$, which it only does if can't redistribute, in which case is much unemployment ... i.e., many laborers with MP below new wage --- & then is still some redistribution, unless employers compassion entire Δwages, as with political prices.

Work into article by itself --- lead-

Unions in valuable land or mnpy industries may actually improve inv. opp. elsewhere by driving labor away from the mnpy.

Net result may occasionally be beneficial.

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Tuesd

Davis-Bacon Act Wage Provisions Viewed by AGC

Application of Davis-Bacon prevailing wage provisions to the proposed highway law and other federally-backed work not now covered by it could throw the National Joint Board for Settlement of Labor Disputes within the industry into "a complete tizzy," Lester C. Rogers, of Chicago, said Friday.

Rogers is president of Bates & Rogers Construction Corp., and the new vice-president of the Associated General Contractors.



Rogers

Rulings of the Labor Department in its predetermination of wage rates for certain projects now often get into the jurisdictional field and disturb the good work of the NJB, Rogers said

The AGC, it was explained, feels that labor officials often are assuming too much, and going beyond the law, in getting into the jurisdictional disputes while setting prevailing wage rates.

There presently is a sufficient labor supply to handle an expanded road building program, AGC spokesmen said. But there doubtless would be an extensive shifting of labor forces if the big legislation for a $34 billion program is enacted, and particularly if the D-B Act is applied. The contractors argue that road building costs will increase if Congress votes in the D-B provisions as organized labor wants it to. Premium wage rates would develop as labor would be shifted from one area to another.

If the Labor Dept. begins determining prevailing rates on highway jobs, said one AGC official, it is not likely to find any bargained rate for work of this kind. Short of this, it will take the bargained building rate which is higher than present wages paid highway workers. (Highway construction wages on the average are lower than those of building crafts on a per hour basis, but the "take" per year is greater for the highway worker.)

Of course, the labor determination would be made on a per hour basis.

The chief complaint of the AGC is that labor would probably take the building rate and apply it to road building, thus raising the cost of highway construction.

Aside from this, the contractors think it would be virtually impossible for the federal government to police each highway job—and this would lead Uncle Sam still further into worker-employer disputes that now are localized.

Subcommittee Finishes Work On Road Bill

WASHINGTON—The House subcommittee on roads finished work on the $30 billion Federal-aid highway construction bill late last week, and hoped to ready its recommendations for the full public works committee by Wednesday.

It has been meeting in executive session for over a week re-writing the original bill introduced by Rep. Fallon (Md.) in January.

Generally speaking, the subcommitee followed closely the authorizations for the primary, secondary, urban and interstate systems as originally proposed. It approved (1) including the Davis Bacon act (prevailing wage) on construction of the 40,000 mile interstate system, (2) the Government paying half the cost of relocating a utility, and (3) called for a study on the problem of allowing states credit for toll or free roads constructed on the interstate system.

NON-RESIDENTIAL TAKING BIDS AND BIDDERS

For listing in this column, call HA 7-3653. (No charge.)
***Indicates prospective bidder listed here for the first time**

Truckers Motel & Restaurant, Forest View, Ill. ATB on GC due Apr. 2 no time set. (owner) c/o archt. (archt) Rowland & Wehrheim, 142 Eastview terr., Lombard, Ill. Brk., conc., blk., 1 sty., part base., 51x108.
Freevol-Smedberg Co., 5807 W. Chicago, Chgo. (AU 7-4567)

Bank (addn & alts) 101 W. Main st., West Chgo., Ill. ATB on GC due Mar. 21 at 2:00 p.m. (owner) State Trust & Savings Bank, 101 W. Main st., West Chicago. (archt) Frazier & Raftery, 315 James, Geneva, Ill. Conc., blk., 2 stys., base.

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Thomas Hoist Company
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School (addn) $150,000, Mundelein, Ill. ATB on GC., due Mar. 27 at 5:00 p.m. (owner) Santa Maria Del Popolo, Mundelein, Ill. (archt) George S. Smith, 2105 E. 71st, Chicago. Brk., 2 stys., base., 88x57.
*Langlois Const. Co., 207 Gilbert ave., La Grange. (FL 2-5738)

Roosevelt School (2nd Sty addn) $198,000, 146th & La Salle, Dolton, Ill. ATB on GC., plbg., htg., ventg., & elec., due Apr. 9 at 5:00 p.m. (owner) School Dist. #148, 14151 Lincoln ave., Dolton, Ill. (archt) William J. Connors & Assoc., 164 E. 154th st., Harvey, Ill. Brk.

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Comfort Stations, (2) 77th & Lake Michigan, Chicago. OTB on GC., plbg., htg., due Mar. 22 at 11:00 a.m. (owner) City of Chicago, 401 City Hall, Chgo. (archt) Private plans. Brk., 1 sty.
Garr Bldrs Inc., 4727 N. Monticello ave., Chgo. (CO 7-4710)
Geo. Kehl & Co., 1225 N. Maplewood, Chgo. (BR 8-1580)
*Pyramid Const. Co., 10636 S. Western, Chgo. (HI 5-7879)

Office Bldg., 4146 W. Chicago ave., Chicago. Archt TB on GC due Mar. 21. (owner) Metropolitan Life Insurance Co., 1 Madison, New York. (archt) M. Y. Goldman & Assocs., E. 6th Bldg., Cleveland. Brk., 1 sty., 91x46.
*Wm. H. Koenig Co., 228 N. La Salle, Chgo (FR 2-1694)

New Zealand Beef Banned by Bay Butchers

Union butchers in the Bay Area refused yesterday to handle any additional New Zealand beef—similar to that which appeared in some San Francisco and Bay Area stores during the last two months.

Milton Maxwell, vice president of the AFL Butchers' Union, has informed Swift & Company, importers of the controversial meat, that "the beef is produced by unfair shops, and we aren't required to handle it."

Maxwell said the New Zealand beef already purchased by retail stores may be sold until the current supply runs out.

Swift & Co. officials were not available for comment.

Mantoux

Chap. IV Intervention & laissez-faire

1799, the Combination Act, forbidding workers' organization.
Workers appealed to 1563 Statute of Artificers, and to local & trade guild regulations. But these were shattered.
Ancient guild entrance restrictions were not to include children. These were admitted. A hereditary monopoly.

s478, p. 181
Ford's hospital, AMA attacked it. Many think because it wouldn't charge higher fees to richer patients.
Ford excoriated doctors for secrecy, jargon.

✓ **75. SIDNEY HILLMAN.** Statesman of American Labor. By Matthew Josephson author of "The Robber Barons," Not only the career of a vibrant crusader but the story of the long and bitter struggle of all American labor. "Of great value to students of the labor movement and to persons concerned with an understanding of history." Frances Perkins. "Absorbing study." Amer. Econ. Rev. "Splendid account." Am. Hist. Rev. 701 pp. Doubleday 1952 (Pub. at $5.00) Sale price **$1.98**

In Labor

• • •

Court Orders Shoe Company to Pay Union Damages for Moving Plant

A federal court in Philadelphia last week levied heavy damages against an employer there for moving a plant—to "escape" union labor, the court ruled.

This is the second such jolt management has received this year. Earlier a court in New York ordered an employer—Jack Meilman, president of Hickory Clothes, Inc.—to reopen a plant in New York equal in size and capacity to one moved south last May, and to pay a union $204,681 in damages. The result in industry must be appraisal of the legal implications of plant transfers.

In the Philadelphia case, the **U.S. District Court ordered Brooks Shoe Mfg. Co. to pay $78,011 to the United Shoeworkers for a breach of contract involved in moving from Philadelphia to Hanover, Pa.**

Judge Harold K. Wood figured the penalty as $28,011 in dues lost to the union (for 20 years from the date of the move in 1957) and $50,000 in punitive damages. Judge Wood said that the union, which had represented Brooks' employees for 20 years, not only lost dues but prestige and bargaining power.

Judge Wood ruled that the Brooks plant shift was against national labor policy. Earlier this year, he ruled that the move was a breach of the company-union contract, but he denied a union request that the court order Brooks to return to Philadelphia.

The company is appealing the decision for damages.

• • •

American Manganese Strike Settled, Company Gains on Work Practices

An eight-and-a-half month strike against the American Manganese Steel Div. of the American Brake Shoe Co. was settled last week. A new three-year contract gave workers at the Chicago Heights, Ill., plant 41¢ an hour in wage and fringe benefits. The strike had involved 500 members of United Steelworkers Local 1136.

According to a company spokesman, **the new agreement provides that contract provisions, not past practices, will control in the area of work practices.**

• • •

Work Rules Seen as Major Issue In 1961 Auto Bargaining

Company demands for work rules changes will be "the heart of the dispute in next summer's bargaining in the auto industry," in the opinion of Paul Russo, Detroit, assistant director of the United Auto Workers Foundry Dept. This department includes about 10% of the union's membership.

Addressing a departmental conference in Chicago, Russo said that **work rules will overshadow wages and "fringe" benefits in negotiations.**

He warned that employers are getting tougher: A strike "does not necessarily mean a plant will be shut down these days," Russo said. And he urged unionists to ignore "Dear John" letters from employers who "go over the heads of union officials to appeal directly to employees to see the company's point of view."

• • •

Teamsters Win Vote in Rubber Plant On Which They Own $3-Million Bonds

An unusual labor-management situation has developed in Deming, N. M., where workers at the Auburn Rubber Co. plant chose the International Brotherhood of Teamsters as bargaining agent. The Teamsters' pension fund holds $3-million of the bonds on the plant.

The Auburn workers picked the Teamsters over the United Rubber Workers, 166 to 88, after a 114-114 deadlock in an earlier vote. As a result, **the Teamsters now have the responsibility of fighting for wage and fringe improvements that affect their investment.**

The Auburn plant recently was moved to Deming from Auburn, Ind., where URW represented employees. The plant is municipally owned under a New Mexico law empowering municipalities to buy plants outright and pay for them by issuing bonds.

• • •

Cost of Living: What's Happening to It

1947-49 = 100

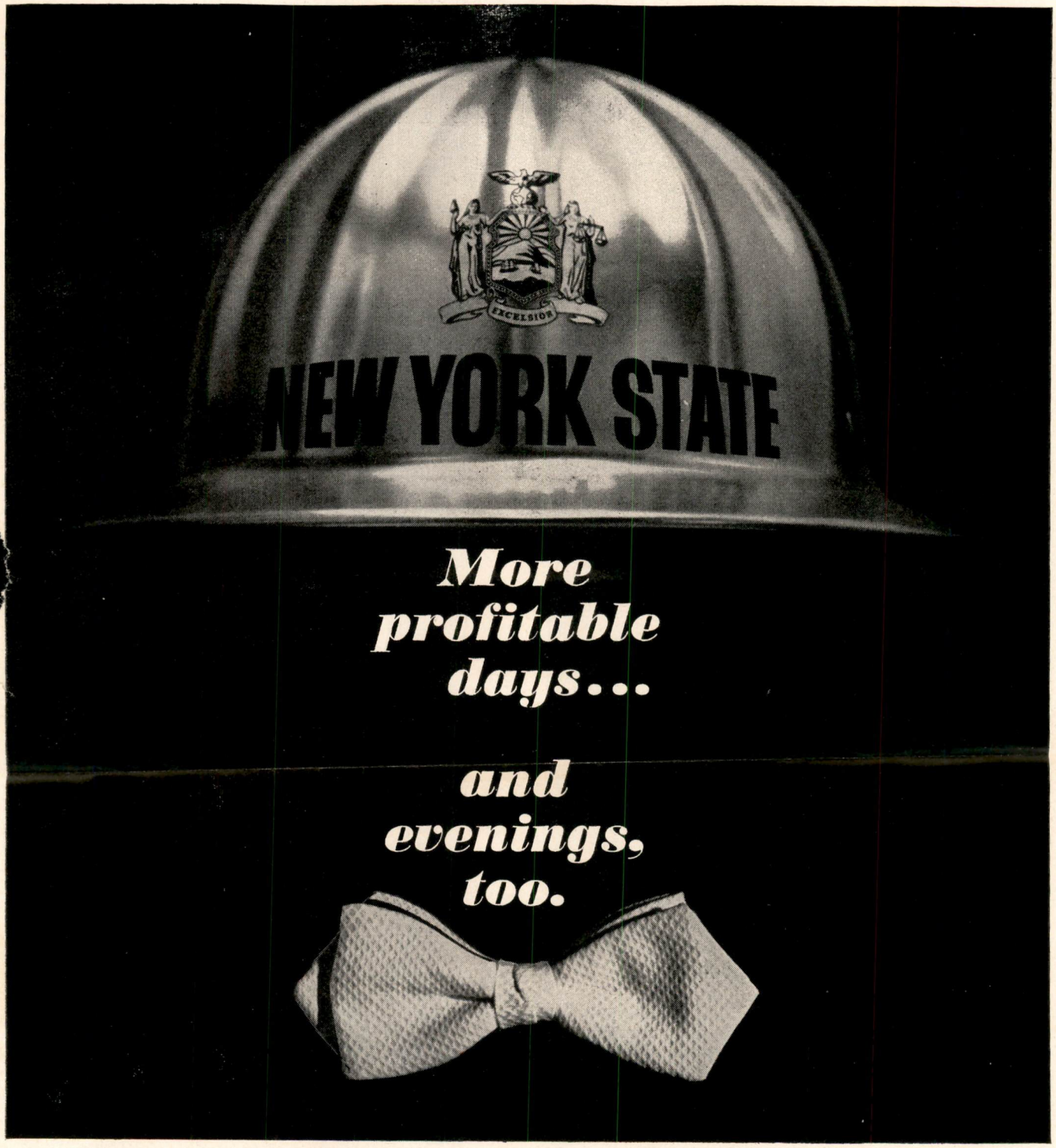
	Total Cost of Living	Food	Clothing	Housing	
				Total	Rent Only
August, 1952	114.3	116.6	105.1	114.6	118.2
August, 1953	115.0	114.1	104.3	118.0	125.1
August, 1954	115.0	113.9	103.7	119.2	128.6
August, 1955	114.5	111.2	103.4	120.0	130.5
August, 1956	116.8	113.1	105.5	122.2	133.2
August, 1957	121.0	117.9	106.6	125.7	135.4
August, 1958	123.7	120.7	106.6	127.9	138.1
August, 1959	124.8	118.3	108.0	129.3	139.8
September	125.2	118.3	109.0	129.7	140.0
October	125.5	118.4	109.4	130.1	140.4
November	125.6	117.9	109.4	130.4	140.5
December	125.5	117.8	109.2	130.4	140.8
January, 1960	125.4	117.6	107.9	130.7	140.9
February	125.6	117.4	108.4	131.2	141.0
March	125.7	117.7	108.8	131.3	141.2
April	126.2	119.5	108.9	131.4	141.4
May	126.3	119.7	108.9	131.2	141.4
June	126.5	120.3	108.9	131.3	141.6
July	126.6	120.6	109.1	131.3	141.8
Aug., 1960	**126.6**	**120.1**	**109.3**	**131.5**	**141.9**

Data: Dept. of Labor, Bureau of Labor Statistics. ©BUSINESS WEEK

Living Costs Show No Change

The Labor Dept.'s Consumer Price Index for mid-August remained unchanged at 126.6% of average 1947-49 costs. Declines in prices for food, automobiles, and appliances offset increases in apparel, gasoline, and housing costs (table). **Continued index stability is forecast.**

Some 65,000 aircraft workers under escalator contracts will get a penny more per hour in their next paychecks—the result of a wage adjustment based on index changes over the past three months.



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GET UP TO DATE ON NEW YORK STATE... WHERE THEY'RE TALKING THE BUSINESSMAN'S LANGUAGE

~~Fellner, Wm. Competition Among the Few~~: Oligopoly ~~etc~~.
~~1949~~

Reynolds, Lloyd G., Relations Between Wage Rates, Costs, & Prices.

Theory of monop. competition, like Marshallian predecessor, assumed known facts, & tendency toward eq., while in reality we have continual adjustment to change, so in this sense it is no more realistic than other.

Demand curve, i.e. reactions to price changes, become more elastic with time, so firm is faced with many demand curves.

From Dean he takes the horizontal mc curve, from Sweezy the kinked demand -- he is talking about oligopolistic firm. While these two have been widely accepted, have not been integrated. A consequence of the two is that costs can vary widely without affected price; that changes in demand, when they come, are purely "horizontal", i.e. more or less can be sold at the prevailing price. Thinks this consistent with business behavior. (it is consistent with the way Mr. Cate talked)

Prices are increased when costs of other firms have risen so much it seems they will concur. (dubious) So why didn't they raise price before? Mkt strategy: they thought this might encourage too much substitution & competition, to make it higher. (this is another way of describing long run demand considerations) When everyone's costs increase, they figure they can get away with a higher price, long run. (if they didn't, which might often be so, theywouldn't increase price)

Cost increases therefore affect prices only indirectly, thru their effect on demand increases, not their effect on mc. (I wonder. Dean's studies of a few small shops do not justify any such far reaching conclusions, nor do Sweezy's brief meditations) Keynesianism

When prices falling, in downswing, & costs falling (but more likely they aren't falling very fast)(esp. the marginal ones) not much incentive to lower prices, for lower costs do not increase competition, as no new firms will enter in times of falling prices. (this depends on the industry. If it takes much capital, true, but if not, will be people flowing in from all sides, like agriculture)

II. Some difficulties in the concept of "cost"

Much general stuff, I s ip.

Dunlop, John T., Wage Policies of Trade Unions

They are interested in many things besides simply higher money rates.

e.g. they sometimes demand higher rates only where labor-saving machinery is involved, to prevent its introduction. They have, i.e., some concept of keeping their rates down to keep employment up. They wanted vacations with pay, & other specific types of raises, for particular reasons -- a man feels better with a paid vacation. Overtime pay is a form of price discrimination -- also an attempt to spread the work around among more individuals. sometimes. Wages often sought simply to help an organization drive, to deliver the goods. They have different rates to apprentices, to control entry.

Unions have shown much interest in increasing price of products in which they wereunionized -- i.e., they are after consumers, not just employers. They advertize products, & they curtail production sometimes to keep up price of products -- coal workers the latter esp. , because coal producers not otherwised organized monopolistically.

THE OREGON DEMOCRAT SALUTES

Significant Gains Made In Long Labor History

(Reprinted from the Oregon Democrat, January, 1953)

By DON WILLNER

In January, 1933, a logger felling, bucking, or skidding Douglas fir or Ponderosa pine in the woods of Oregon was making 25 cents an hour, if he was lucky. But the chances were about even that months before he had been told to get his time and leave the camp. If he drifted into Portland, he might find a job for part of the time, or sell apples, or just stand around on Burnside waiting to hit the soup kitchen line.

Labor Weak in 1933

The economy of the Northwest was crippled by Depression. Many workingmen still carried a faded red card of the IWW, but the Wobblies had no organization. The Loyal Legion of Loggers and Lumbermen ("4L"), with its combined employer - employee membership, was no logner needed to forestall honest unions, and was completely without support. The skilled operating railroad crafts had about 15,000 union members. The Oregon Federation of Labor had only 10,000 members, mostly in the building trades and the printing industry. Where it had strength, it could urge employers to share the work, and run the shop shorter hours if necessary, rahter than competitively cut wages. The Oregon Economic Welfare Association and the Oregon Workers' Alliance, societies of the unemployed, probably had considerably greater membership than organized labor itself. The working stiff never had it so bad.

Things Change with FDR

Then Roosevelt became president and started the New Deal, the cornerstone of which was the *National Recovery Act. Section 7A* of the NRA, for the first time in history, declared the policy of the United States to be "that employees shall have the right to organize and bargain collectively through representatives of their own choosing." But few employers felt compelled to accept this policy, since Oregon workingmen had not won a major strike for a decade. During the brief period of the NRA, some of the existing unions started to increase their membership, but there was little improvement in crafts and industries that had not been organized.

Longshore Strike of 1934

In 1934, the longshoremen struck every major port on the Pacific Coast. The goal was recognition of their union. Employer retaliation was swift and brutal, and every device of intimidation was used to break the strike. The bloodshed aroused great sympathy for the strikers. A commissary was set up for the strikers and their families at the Labor Temple, and many farmers contributed food. The entire membership of the Oregon Federation of Labor gave active support. After the Port of Portland was shut down for three months, the employers gave in and recognized the Longshoremen's union.

This successful strike of 1934 was the impetus for a great surge of union organization in Oregon. The Northwest Council of Sawmill and Timber Workers Unions, part of the AFL Brotherhood of Carpenters, met in the spring of 1935 and drew up uniform demands for the entire regional lumber industry. May 6th was set as the date for a strike unless their demands were met. But conditions had been bad and the men were restless. In mid-April, the loggers at Vernonia, in the lower Columbia River Valley, walked off the job. A spontaneous strike of loggers and sawmill workers throughout the Northwest followed. Many who never had any previous connection with the union stopped work. The Oregon Emergecy Relief Administration gave benefits



DON WILLNER
Reviews labor history.

to strikers who were destitute, and this proved to be a significant help summer.

Not only were the strikers batas the strike went on into the tling the operators, but they were also having internal struggles within their own ranks. The 4L tried to exert some influence, but was ignored. The real fight was between the national leadership of the AFL Carpenters and local insurgents who pressed for more militant demands. In July, the men gradually agreed to go back to work. The strikers had achieved their basic goal of recognition of the union and a 5 cent an hour increase, but had made some compromises.

On July 5, 1935, Congress passed the National Labor Relations Act. This statute, usually known as the Wagner Act, not only stated the basic right of workers to organize, but also set up the National Labor Relations Board to enforce this right.

Entrance of CIO

In that same year, the Committee for Industrial Organization was formed within the AFL. In 1937, its members set up the independent Congress of Industrial Organization.

These two developments on the national scene caused great changes in Oregon. The Wagner Act was a boon to Labor. The union organizer could now tell his audience that Uncle Sam was for workers getting together in unions. And as soon as a fair number had signed up, he could petition the Labor Board for an election, knowing that if there was a majority, the boss would have to sit down and bargain with the union. The Oregon Federation of Labor, under the continuing leadership of executive secretary Ben Osborne, made great strides in membership.

The second development, the splitting off of the CIO, divided the strength of Oregon Labor. In 1936, representatives of district councils met in Portland to form the Federation of Woodworkers. Friction increased between this industry-wide regional group and the AFL Carpenters. After many meetings, on July 19, 1937, the International Woodworkers of America, CIO, was set up. About a week later, the International Longshoremen's Association also left the AFL and accepted a CIO charter.

In the following months, the Portland area was the center of one of the bitterest jurisdictional disputes in American labor industry. The bulk of the fighting was between the CIO Woodworkers and the AFL Carpenters, with the AFL Teamsters joining in the fight for control of the fuel truck drivers. Much of the lumber industry was closed down while the blood of union men was spilled on both sides. The newly-formed CIO Woodworkers won their first big victory at an election held by the Oregon State Labor Commission at the Inman-Poulson mill. The situation gradually began to stabilize, with the CIO winning the woods, and the majority of the mills, though the AFL retained many strongholds.

The Oregon State Industrial Union Council, CIO, took somewhat less than one fourth of organized labor out of the Oregon Federation of Labor.

Reds Defeated in CIO

The CIO soon became involved in internal factional fights between a pro-communist group and its opponents. The pro-communist group was pushed out of office in the International Woodworkers in 1941 when Worth Lowery was elected president. In the period before World War II, the rivalry between the two Labor organizations changed into a competition for new members, and both federations grew. The AFL Teamsters Union expanded into the service trades, filling stations, warehouses, and distributors, and became a powerful factor in the economic life of the state. One major employee group, however, remained largely unorganized—the downtown Portland department and retail stores.

World War II saw an industrial boom in the Portland area. Shipyards were set up by Henry Kaiser north of Portland (Oregon Shipyards), on the Willamette River at Swan Island, and at Vancouver, Washington. Closed shop contracts were soon signed with the AFL Metal Trades Council, and at the peak of production, almost 100,000 workers were covered. There was a surge in union membership throughout the state. Union representatives served on the Northwest War Labor Board. After the war, as defense production stopped, union membership declined, but many who had first learned about unions during the war stayed in the ranks of organized labor.

During the war Oregon's huge AFL Boilermakers' Union and other unions were the scene of nationally-significant contests over the right of Negroes to hold equal status with other members. After early setbacks, the equality of all members was established, more by union decision than by the verdicts of the Federal Courts.

Governor Martin Ousted

Labor's battles have often been fought, not on the picket line, but at elections, in the legislatures, and in the courts. Governor Charles Martin was the focus of labor's resentment, since he espoused the cause of the employers against labor, and fell out with the pro-labor policies of his own party nationally. In the 1938 Democratic primary Martin was beaten for renomination by Henry L. Hess, who had labor backing, but Republicans won back the governorship in November when the Martin Democrats generally bolted their party. A crippling anti-Labor act was passed by referendum in 1938, but the Oregon Supreme Court declared it unconstitutional two years later. In 1947, the Legislative Assembly passed would-be restrictive legislation, and this time, the Circuit Court of Multnomah County interpreted the act so that it would have little effect. Oregon Labor leaders, as members of both political parties, have served as state senators, state representatives, on city councils, as Labor Commissioner, and in many appointive offices. The Democratic party has a number of union officials among its top-rank officers. The unions have endorsed candidates whose views were deemed favorable to Labor, and have helped in the election of many.

Major legislative battles during the two decades centered around Workmen's Compensation and Unemployment Insurance laws. Labor greatly improved its position in these matters as the years went along, adding steadily to the coverage of all occupations and increasing allowances.

Politics Grows in Importance

The Taft-Hartley Act, passed by the Republican-dominated 80th Congress, has been universally opposed by Oregon Labor. Labor has been deeply critical of such parts of the Act as the provision allowing only strikebreakers to vote in a plant election; the provision calling for the processing of certain employer grievances first (such as charges of secondary boycott); the endless red tape and delays in the Act that employers have used to check new union organization, especially in the South; and above all, the provision for anti-Labor injunctions. Indeed, opposition to the Taft-Hartley Act, and to the periodic attempts of some to introduce similar anti-Labor laws at Salem, have united the Oregon Labor movement as never before.

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Butler Deplores GOP Document

(Continued from Page 1)

case, of course, was a finding that the union was innocent. And this, I suspect, is the answer to all of the charges in this anonymous report.

'The fact is, as I understand it, that the particular expenditures listed in Part III of the book are not made from dues money but are derived from contributions which individual workers have chosen to make voluntarily in order to support the political organization in which thef believe.

"Unlike the authors of this report for which no one will accept responsibility, I am prepared to saf flatly and without equivocation that the Democratic party welcomes the support of responsible and honest trade unionists who believe that, by soliciting voluntary contributions and using them to support Democratic candidtaes, they will best help to achieve the legitimate aspirations of American working people. I have no use, and the Democratic party has no use, for the small segment of labor which is dishonest and corrupt. But the attack on the AFL-CIO and on honest trade unions which is contained in this Republican document is proof again that the Republican party is not opposed to dishonesty in unionism but is opposed to unions themselves and to the working people they represent."

Double Standards: A Commentary

(From Public Affairs Institute)

There are fascinating double standards around and about.

Down in Texas we witnessed William A. Blakely, the multimillionair candidate for the U. S. Senate against incumbent Sen. Ralph Yarborough, making an issue of labor political contributions. Yarborough was the winner.

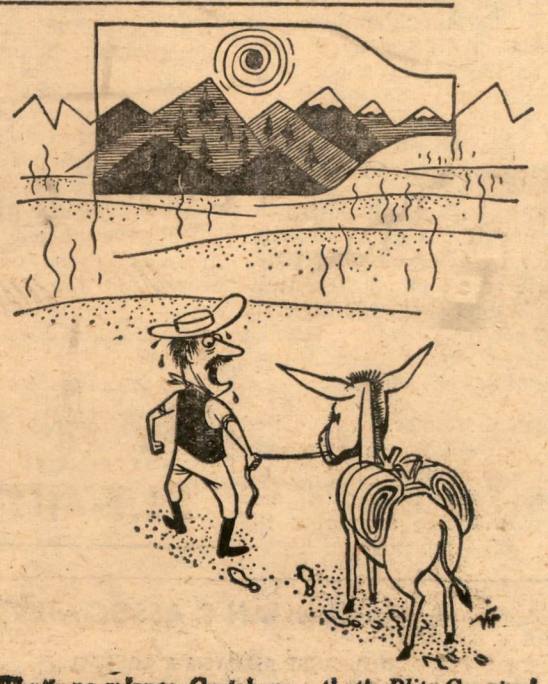
In Austin, Jerry Holleman, president of the Texas State AFL-CIO, asked the people of Texas to judge who was right. Blakely, Holleman claims, gets a $250,000 cut a year on the $1,043,000 Federal subsidy received by Braniff Airlines.

"It is mighty sorry of a man who is listed as the third richest man in Texas to begrudge the few dollars working people collected to help a fair-minded candidate," said Holleman. "The amount he complains about would not even pay for one barbecue and broadcast which he used as an occasion to attack the rights of working people."

Another double standard is seen in the newspaper playup of gangster infiltration stories. Where such infiltration is into unions the headlines are large and bold. When the stories report that corrupt elements have moved into business interests there just doesn't seem to be any news angle.

The most amusing double standard was provided by Sen. Karl Mundt (R., S. D.) who urged severe restrictions on picketing by union members but would not come out for restrictions on picketing by farmers. It just so happens that there are few union members—and a lot of farmers—in Mundt's home state.

IN DEEPEST BLITZ COUNTRY



That's no mirage, Gretchen . . . that's Blitz Country!

Chairman's Corner

By DAVE EPPS
Democratic State Chairman

It is a source of great pleasure to those of us at your state Democratic headquarters that the precinct school program is going so well in Oregon, with many successful schools having already been staged, and more scheduled in the coming weeks.

We know that if such enthusiasm can be maintained until election day, much of our battle will have been won.

I am delighted that Dr. Hoyt Franchere, head of the humanities department at Portland State College, has undertaken the task of state registration chairman for our party. This is a vital role, and I know Dr. Franchere will discharge it well.

The district meetings held throughout the state have been of



DAVE EPPS

value, I am sure, in disseminating information and exchanging ideas. The attendance has been very good, for which we are grateful.

I have challeged Jim Short, Republican state chairman, between the parties in the forthcoming registration drive. I have suggested to him that the chairman of the party which wins the contest have the privilege of throwing the other chairman in the Willamette River.

Jim protested that he can't swim, but I don't feel that argument is germane to our sporting wager. And if Jim survives the dunking I'll be glad to make another bet with him cocerning the results of the November election. On that one, he can set the terms.

State Surplus Meets Prediction

SALEM (Special)—Oregon is expected to end the biennium with $30,000,000 in the general fund "bank balance,' just about what was predicted at the special session of the legislature, Governor Holmes reported on the basis of State Tax Commission reports.

General fund receipts during the two-year period ending June 30, 1959, are expected to total $306,356,754.18 as compared with authorized budget expenditures of $275,722,353.70, Governor Holmes noted. This would leave a fund balance of $30,634,400.48.

Governor Holmes, who called the special session to cut taxes when it was apparent the surplus was greater than anticipated, said the new estimates supported the decision.

Blitz Launches Passport Program



PORTLAND (Special)—The first visitor to make use of his "passport to Oregon" in Blitz-Weinhard's new program to invite people to the state and 1959 Centennial is Irving Jensen, mayor of Vancouver, Wash. Checking to make sure the passport is valid is Gail Lund, Miss Oregon Passport. Launched this week, the newest phase of Blitz program is aimed at more nation-wide attention for Oregon with special emphasis on the Centennial. Oregon residents can write the pioneer Portland brewery and request the passports which they can send to friends, relatives and business associates living outside the state. This spring, Blitz sent over 60,000 Douglas fir seedlings all over the world in the first part of their Oregon "bandwagon" program.

Rodgers Due At State Fair

SALEM (Special)—With Jimmie Rodgers, Vaughn Monroe and the Sportsmen Quartet as headliners, the Larry Allen evening revue at the 1958 Oregon State Fair promises fairgoers the best entertainment in the Fair's history. Rodgers—who hails from Camas, Washington—will appear August 28 through September 2. The popular singer is now "hitting the top" among America's performers. His first record, "Honeycomb," topped the million mark. Because of his exceptionally fine voice, his popularity extends beyond rock 'n roll fans.

Headliner for the last four evenings of the Fair, September 3 through September 6, will be Vaughn Monroe, bandleader, recording artist, radio and TV star, motion picture and stage actor. Monroe has established himself as a top performer in many fields.

Vaughn started his singing career in the little Methodist church at Jeanette, Pennsylvania. It was not until 1945 that his really big break came when his recording "There I've Said It Again" sold over 1,250,000 copies. As a result of this tremendous disc popularity, he was signed by Camel Caravan radio show for eight years. In the summer of 1957, he played the lead role in "Annie Get Your Gun," playing to sell-out crowds.

Co-starring in the Revue for the entire ten days will be the Sportsmen Quartette, long associated with the Jack Benny show.

Other features on the big revue include a return engagement by Dwight Moore's "Mongrel Revue" which captivated 1957 Fair revue audiences, and the Five Fabulous Boginos in a novelty act. The Boginos have played at the Desert Inn, Las Vegas, and have also appeared on the Ed Sullivan TV show.

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Counties Bill Many Schools

Democratic Precinct Schools, conducted under the sponsorship of the Democratic Party of Oregon and the National Committee, are scheduled for several more counties during the next month.

The schools are based on an informal format, and offer the precinct workers participating an opportunity to learn from one another, under a set guide. The work has variety, and produces concentration on the all-important work of those who are closest to the voters in politics.

Schedule for the schools follows:

North City Subdistrict (Multnomah)—August 22, 23.
Columbia County (St. Helens)—August 23.
South City Subdistrict (Multnomah)—August 26, 28.
Polk County (tentative)—September 2, 4.
West subdistrict (Multnomah)—September 6.
East Multnomah County Subdistrict—September 7.
Marion County (tentative)—September 5.
Clackamas County — September 13.

Questions concerning schools in other counties should be directed to Merlyn Smith, Democratic Headquarters, 429 Governor Building, Portland 4, Oregon.

Editor's Notebook...

Governor Robert Meyner of New Jersey is very much in the national limelight these days. He is one of the most likely choices of the Democratic Party for the presidential nomination in 1960—and all the polls and indications point to a major Democratic sweep in 1960. When Gov. Meyner visited Clackamas County he drew a large and attentive crowd at the Fairgrounds at Canby.

For those cynics who like to say there is no difference between the Democratic and Republican parties, Gov. Meyner had a practical suggestion.

Make a list of the great accomplishments of the United states in our lifetime. You will probably come up with the Rural Free Delivery, social security, Bonneville and Grand Coulee Dams and the development of resources. Very likely you will list the Tennessee Valley Authority, unemployment insurance, the GI Bill of Rights. You will want to list some others, but you will probably not find any major projects pioneered by the Republican administrations, although the lists of projects killed by the GOP is a long one indeed. Not only were the major gains made by the forward look which is natural to Democrats from Tom Jefferson to Adlai Stevenson, but the record shows that nearly all these gains were made against stubborn Republican resistance.

The Governor had another suggestion, which may help point up the contrast between the parties. Think over the leaders, the 'idea men,' the notable men of the Congress. In the Senate most Americans know and respect the names, among others, of Estes Kefauver, Albert Gore, Lyndon Johnson, Paul Douglas, Hubert Humphrey, J. W. Fulbright, Theodore Green, Lister Hill, Warren Magnuson, John Kennedy, Mike Mansfield, Joe O'Mahoney, John Sparkman, Stuart Symington — and right with them in national prestige are Oregon's Wayne Morse and Dick Neuberger.

Come on now—try it—The GOP has almost the same number of Senators as the Democratic Party, but after you have listed Senator Knowland (who is not running again), perhaps Margaret Chase Smith as the only woman senator, and John Bricker and Wm. Jenner—your listing runs down fast. They are an undistinguished, obscure group, most of whom have devoted themselves chiefly to opposing progress, even now when their own fellow-partisans hold the White House.

These two easy tests of the spirit and quality of the major parties, as suggested by the Governor of New Jersey take less time and explaining than to run down the long gamut of policies and issues which high-light the same contrasts. There is a big difference in the results from government under the two parties. This is not like a choice between the Dodgers and the White Sox or between rice and potatoes or even blondes or brunettes. These are the decisions of security or disaster, jobs or joblessness, progress or stagnation for each of us and our families.

—Milwaukie Review.

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Some Steel Mills Reopen; U. S. Assails Industry 'Delay'

Some Plants Still Are Shut Down

PITTSBURGH, July 27 (AP)—The bulk of America's steel industry took strides tonight toward normal production.

The catching-up process began when President Philip Murray of the CIO United Steelworkers sent "return to work" orders to more of the 600,000 strikers yesterday.

Cleanup crews headed for plant gates immediately. Now, more full working crews are starting the process of returning closed plants to full operations.

Company executives met with union leaders to work out contracts which will carry out the ideas expressed in the agreement reached in the White House late Thursday.

NOT ALL REOPENING

The strike, which carried the highest price tag of any walkout in American history, ended yesterday after Murray won industry's agreement on issues affecting 23,000 striking iron ore miners who are steel union members.

But not all the mills were reopening.

Jones & Laughlin Steel, fourth-ranking producers, was unable to get its workers back into its reopened plants last night and today. Finally at 11 p. m. tonight the company announced that locals at plants here and in Aliquippa, Pa., agreed to return to work and repair and maintenance crews were being called in immediately.

The company said production workers would begin returning to their jobs tomorrow.

The company's plant at Cleveland was still shut down due to a labor dispute on its subsidiary, the Cuyahoga Railroad.

OTHERS LATE

Some other steel producing companies still haven't started to open up shop. They are not among the Big Six producers involved in the White House talks.

The 12,000 USW members employed by Allegheny Ludlum Steel still are idle. The company and the union will open negotiations tomorrow afternoon on a new formal contract. Until such a pact is signed, President E. J. Hanley said, the company is reluctant to resume operations.

And at Crucible Steel Company of America the union wants the company to accept the terms of the White House pact while keeping features the USW likes about its old contract with the company.

The White House settlement calls for a 21-cent pay raise and a modified union ship, which requires all new employees to sign a union application but allows them to withdraw it in the last 15 days of the first month of employment.

But Crucible previously had a full union shop. That is, all new employees had to join the union after a probationary period.

Over the nation, steel workers before the June 2 strike had been earning around $1.95 an hour, including overtime and premium pay.

Under the agreement through which the steel strike was settled, the industry will get price increases which average about $5.64 a ton for all products. The present price for carbon steel, the basic grade, averages about $110 a ton.

Industry expects to take almost a week to get the mills back to full operation. So the effects of the strike will continue for a while even though the walkout is over. Where furnaces have been damaged by the long shutdown, the return to normalcy will be further delayed.

The Goodyear rim plant in Akron, closed since July 3 for lack of steel, has called back 250 men. And in Gary, W. Va., seven McDowell county coal mines of U. S. Steel Corp. scheduled operations for tomorrow.

Great Lakes Steel, a subsidiary of National Steel Corp., disclosed in Ecorse, Mich., that it is losing no time in getting automotive steel flowing to the car makers.

President George R. Fink said some steel, rolled from ingots and slabs on hand at the strike's start, was shipped today. Full operations are scheduled for midnight. Iron will be taken from blast furnaces tomorrow morning and the first steel will be poured from open hearth furnaces tomorrow evening.

The firm's Strand steel division also makes quonset-type buildings.

Truman Backs Plan to 'Isolate' Price Increase

Exclusive to The Chronicle
From the New York Times

WASHINGTON, July 27 — Economic Stabilization Administrator Roger L. Putnam revealed tonight that President Truman will back him in an effort to "isolate" the price increase granted to settle the steel strike.

"I outlined for him," the administrator wrote in a letter to Ellis G. Arnall, price stabilization director, "the pressures which are certain to pound against this agency as a result of the steel price decision. I am pleased to report that he assured me—as I knew he would—that he would back this agency to the hilt in our determination to isolate this price increase insofar as possible, and insofar as consistent with fairness, in its effects upon the rest of the economy."

Soviet Fur Auction

LENINGRAD, July 27 (AP)—More than 60 fur buyers from European countries and half a dozen from the United States are here for the annual Soviet fur auction, which starts tomorrow.

Deliberate, Says Roger Putnam

Exclusive to The Chronicle
From the New York Herald Tribune

WASHINGTON, July 27 — The steel industry wantonly, and for mysterious reasons of its own, prolonged the 54-day strike of its employees to the detriment of "the whole free world," Economic Stabilizer Roger L. Putnam charged tonight.

His blast appeared to have the full approval of President Truman, who has been reported "unhappy" over the price rise in steel to which he agreed when he personally interceded last week to settle the long shutdown.

Putnam's charges were made in a three-page letter, dated last Friday but released only this evening, to Ellis G. Arnall, director of price stabilization, authorizing him to put the new steel prices into effect.

Putnam said, "We know that there was a loaded gun poised at the Government's head" when the strike settlement agreement was reached. He added that the steel industry was "in a position to prevent the resumption of the production of steel for guns, ships, tanks, planes, ammunition, electronics and other vital military equipment unless it got this unjustified price increase . . .

"After going over the terms of the settlement between the steel industry and the steelworkers' union I tell you in all honesty that, on the basis of those terms, I cannot conceive of any good reason—economic or otherwise—for the steel companies' refusal to prevent this strike or their failure to reach agreement long before this on terms to end it.

"The country has been dragged through what now turns out to have been a thoroughly useless, unnecessary, terrible economic and defense crisis which lasted 53 days before a settlement and which hurt the whole free world."

Putnam's letter declared that the steel companies last March had demanded a $12 a ton increase in the price of steel and had told the Government the $4.50 it offered instead was "fantastic" yet they have now settled "for that same increase, plus an allowance for a freight rate boost which has occurred since that time."

Naval Transport

SAN DIEGO, July 27 (AP) — The Navy attack transport Henrico was home today from 18 months' service in the Korea area. The ship put troops ashore north of the 38th parallel in Korea under a protecting barrage from warships early in her war tour and then transported thousands of soldiers and marines to and from combat service in Korea.

Steel Union Deadline for Alcoa Strike

WASHINGTON, July 27 (AP)—The CIO Steelworkers tonight threatened to strike ten plants of the Aluminum Co. of America Tuesday evening, a management announcement said.

The announcement said the union broke off negotiations tonight when the company turned down wage and other benefits that would have exceeded "by several cents" the package settlement yesterday of the steelworkers in the steel industry.

Arthur J. Goldberg, general counsel for the union, denied that the union broke off negotiations, as the company said, or that there was any surprise element in the strike threat. He said the union formally advised the company two weeks ago it must have an agreement by Tuesday, or it would strike.

Goldberg also said that whether the total of union demands was more than the steelworkers got in their strike settlement with the steel industry was irrelevant. He said this was so because the union is asking Alcoa to "correct inequities and differentials that have long been corrected in the steel industry." He said these were:

1—A demand that the company add five cents an hour to Southern wage rates, as was done in the steel settlement, toward eliminating the difference between Southern and Northern pay scales.

2—That the company agree upon a program to eliminate inequities he said exist among job classifications in Alcoa plants. Goldberg said the steel industry did this as early as 1942.

He said the company had refused to meet either demand.

Goldberg said the union had extended negotiations since last December 3, when its contract with Alcoa expired.

The company said the strike would shut off about 50 per cent of its production.

Last week the company concluded a settlement for workers in its other plants, where the AFL represents employees.

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COMPARATIVE TEMPERATURES
For Sunday, July 27, 1952

	High	Low		High	Low
San Francisco	63	52	New York	74	
Oakland	76	57	Chicago	95	64
Sacramento	103	63	Kansas City	103	80
Los Angeles	93	68	New Orleans	94	74
Portland	85	54	Miami	87	76
Seattle	77	50	Washington	94	75

Forecast for Today: FAIR, COASTAL FOG
(For details, see Page 15.)

ONDAY, JULY 28, 1952 GA 1-1112 DAILY 10c, SUNDAY 20c

The Czech, who had won the 5000 and 10,000 meter runs last week, finished the 26 1/6 miles in the record time of 2 hours 23 minutes 3.2 seconds and was sitting beside the finish line in his sweat suit, munching an apple, when the second place finisher puffed past the tape.

A quartet of American girls pulled the surprise of the day when they won in world-record time in the women's 400-meter relay. The U. S. also won the men's 400-meter relay.

(For Art Rosenbaum's on-the-spot report see the Sporting Green.)

AFL Sailors Meet Today To Ratify Pact

Sailors at Pacific Coast ports from Seattle to Los Angeles will meet at 1 p. m. today to vote on an agreement reached late Saturday night, ending the 62-day maritime strike.

It was a foregone conclusion that the sailors would vote acceptance, inasmuch as the union's negotiating committee unanimously recommended approval.

In that case, said Harry Lundeberg, head of the AFL Sailors Union of the Pacific, the men will immediately return to their shipboard jobs.

By 2 p. m., union officials said, things should be humming again along San Francisco's long-idled waterfront.

Settlement of the two-month strike came after two weeks of almost continuous negotiation sessions directed by Federal Conciliator Omar Hoskins.

The economic phase of the agreement, including a five per cent wage raise, must be approved by the Wage Stabilization Board. But both parties, Hoskins said, agreed to make a joint request to the board for such approval.

The strike affected some 6000 sailors and tied up more than 100

Boat Sinks Off Marin; Eight Saved

The party fishing boat "Louise" out of Sausalito sprang a leak and sank within five minutes yesterday morning seven miles west of Stinson Beach.

The Coast Guard dispatched a cutter, a helicopter and a B-17 to the scene, but the skipper and his seven passengers were rescued by near-by fishing boats before the Coast Guard arrived.

None of the survivors appeared the worse for their icy immersion.

None of them could give a reason for the near disaster. The 36-foot boat had recently been overhauled. The sea was relatively calm and the vessel had hit nothing.

"It was about 8:30 and we'd just got the lines in the water," said the Louise's 61-year-old skipper and owner, Henry Carle, of 1727 26th avenue. "Then I heard this gurgling."

GEYSER SPOUTING

"I went below and here was this six-inch-thick geyser of water shooting up through the bottom."

Skipper Carle tried unsuccessfully to plug the hole and then got on his radio to send out the "May Day" distress call.

"But a guy with a more powerful set than mine was hogging the air and I couldn't get through."

Then the inrushing salt water hit the batteries and the radio went dead.

Meanwhile, the seven salmon fishermen aboard had donned lifejackets and mounted the cabin roof to yell and wave for help.

"Lucky for us there were other boats about half a mile off," said Owen McCusper, 37-year-old automobile salesman of Corte Madera. "Only they couldn't hear us. Thank God, the fog had lifted."

DISTRESS SEEN

Bob Gulick of 4016 Altamont avenue, Oakland, was trolling with friends aboard his boat the "Mary Ann."

"We just happened to look over and see them waving," he said. "We don't have a radio aboard so I leaned on the horn and yelled at the 'San Pablo' to call the Coast Guard."

The San Pablo, also a sports fishing boat, and the Mary Ann headed for the sinking vessel just as her bow rose slowly in the air and she slipped beneath the surface.

The Mary Ann picked up Skipper Carle, McCusper and three others — Bill Havey, 32, an auto salesman of

Shah of Iran Is Put Under Heavy Guard

Teheran Fears Coup Like Cairo's

By the United Press

TEHERAN, July 27—Shah Mohammed Reza Pahlevi's palace was reported under heavy guard tonight as word circulated in responsible quarters that the abdication of King Farouk of Egypt would be bound to weaken his position.

Those who heard of Farouk's abdication from British broadcasts regarded the news as a bombshell in the restive Middle East. The Teheran radio had not announced it.

Communist newspapers clamored against the Shah, plugging for a republic. They reported that 400 Royal Guards had gone on strike. The court Minister, Hussein Ala, denied it. Some non-Communist organs called for a constitutional monarchy.

TANKS READY

Tanks were reported standing by near the palace to spearhead the protection of the Shah if necessary.

Strict precautions have been taken since bloody rioting overthrew the moderate Premier, Ahmed Qavam, and restored Premier Mohammed Mossadegh, the leader of the Nationalist front which the Communists now had joined.

The temper of the capital was reflected in continuing flurries of violence. Pro-Mossadegh bus drivers today stoned and smashed 15 buses owned by a group opposed to the Premier. Four drivers were hospitalized.

One of the most emphatic pronouncements on Farouk's abdication was made by Hossein Makki, right hand man of Mossadegh, a Deputy in Parliament and chief spokesman for the national front.

SITUATION UNCLEAR

Makki said the Egyptian situation was not yet clear and he did not know just what caused Farouk's abdication, continuing:

"It must be stated clearly that in the present century the rulers and authorities of Middle Eastern countries cannot any longer adopt policies against the expressed will of their respective nations . . .

"These befuddled rulers can only imperil their own positions by such mistakes and failure to recognize the national awakening in the Middle East.

"Of course if Farouk's expulsion or abdication was a direct result of

Egypt Will Free 264 Prisoners

By the United Press

CAIRO, July 27—Egypt's king-breaker, General Mohammed Naguib, mopped up the remnants of the deposed Farouk I's faithful in Alexandria today and flew here to put his regime on a solid footing under a regency council.

His government announced tonight that 264 political prisoners would be freed immediately. The Interior Ministry said that of the hundreds held, only a handful were accused of any specific offense.

The Cabinet announced that Lieutenant General Mohammed Haider Pasha, ousted commander-in-chief of the army and a former close associate of Farouk, has been arrested in Alexandria.

(Associated Press reported that at a Cairo news conference, the 51-year-old army chief said the army "is after every person who had any part in acts of corruption and bribery" under Farouk. He warned there might be a "possibie counter-attack."

("Premier Aly Maher Pasha and I," he asserted, "are in full agreement over the nation-wide clean-up campaign which we are about to start and we shall meet with armed force if necessary any attempt at demonstrations or disorders."

(Naguib again said the army would not tolerate any foreign interference in his campaign. "We shall shut the door in the face of any attempted foreign interference," he said sternly. Previously he had promised protection for all foreign lives and property.)

As Naguib consolidated his gains by force of arms in four dramatic days, Farouk sailed into exile with his wife, Narriman, and their infant son, the new king, Ahmed Fuad II.

The Cairo radio reported that Farouk radioed Naguib far out in the Mediterranean:

"I wish you success in your difficult task."

Most Egyptians had seen their new king, proclaimed monarch last night as he put out to sea with his exiled father, only in one or two pictures when he was two months old.

CAIRO QUIET

Cairo was

High Court Rules On Labor Issues

WASHINGTON (AP) — The Supreme Court ruled Monday that unions violate the Taft-Hartley labor law when they deny work to members as a means of union discipline.

And in the same 7-2 vote, the court held that a company violates the law by granting benefits to union employes while denying them to non-union workers.

The benefits were a retroactive wage increase and vacation payments, made after a new working agreement was signed in 1948 in the Gaynor News Co. of New York and the Newspaper and Mail Deliverers' Union.

TWO APPEALS

Justice Reed delivered the majority decision in the consolidated cases. Justice Black wrote a dissenting opinion in which he was joined by Justice Douglas.

The union discipline ruling was given in two appeals involving AFL unions.

In one case, Williard Christian Fowler, of Miami, charged the Radio Officers' Union caused the Bull Steamship Co. to refuse him a job because he did not get a preliminary union "clearance."

In the second case, James Frank Boston, a truck driver, charged the International Brotherhood of Teamsters, local No. 41, caused the Byers Construction Co., of Kansas City, to deprive him of work assignments when he got behind in payment of union dues.

SPY DENIED REVIEW

Taft-Hartley makes it an unfair labor practice for a union to attempt to cause an employer to discriminate against an employe in violation of a sub-section of the act.

The sub-section makes it an unfair practice for an employer to encourage or discourage membership in a union "by discrimination in regard to hire or any term or conditions of employment."

In other action Monday, Morton Sobell, convicted as a co-conspirator of atom spies Julius and Ethel Rosenberg, was denied a Supreme Court review of his unsuccessful attempt to get a new trial.

In the United States there are on the order of 10 to 12 million people who are not steadily employed, but who may take temporary jobs at some time during a year, estimates a Twentieth Century Fund survey.

Chicago Strikers Throw Rocks

CHICAGO, Aug. 4 (U.P.)—A wild, rock-throwing battle broke out at the strikebound International Harvester Co. twine mill late today when police escorted a machinery-laden truck out of the plant through a milling mass of 200 pickets.

The battle lasted about five minutes. The only reported casualty was a policeman who was kicked in the groin.

Police seized the rock-throwing strikers and announced later that 17 were arrested. Officers said they would be charged variously with malicious mischief, disorderly conduct and assault.

No injuries were reported among the strikers, but one picket had to be subdued with clubs to get him into a patrol wagon.

The strikers, members of the Independent Farm Equipment-United Electrical Workers' Union, staged a sitdown strike at the plant last week to protest plans of the company to move the mill to New Orleans.

They went on strike again today when the plant reopened. Harvester, however, already had begun dismantling the plant.

The battle started when the first load of machinery bound for New Orleans left the plant through a rain of rocks and pop bottles thrown by pickets.

The union has charged that the company sought to move the plant to New Orleans to get cheaper labor rates and failed to give sufficient notice of the move.

Harvester replied, however, that it notified the union more than a year ago that the plant would be moved and was doing everything possible to cushion the economic dislocation for the workers. The plant employs 865.

The company said it wanted to move because imported materials used for making twine reach this country through the port of New Orleans.

S. F. Safety Council Seeking Members

The annual Dollar Membership Drive of the San Francisco chapter, National Safety Council, will seek to enlist 25,000 contributors in a campaign to "sell safety" which opens Sunday.

"Tiny" Armstrong, colorful San Francisco character, enlisted yesterday as a salesman in the campaign [illegible] conscious. He es-

Movie Houses Has Produced Film Festival

Heights," "The Little Foxes" and "Dodsworth," among others, you may expect a major event in this.

On the other end of the entertainment pole we have "The Greatest Show on Earth" coming to the Paramount tomorrow, Cecil B. DeMille's extravagant and exciting view of the Ringling Bros.-Barnum & Bailey enterprise. This is the second time around for this one; the first was a road show engagement. "Greatest Show" is a skilled blending of corn and breath-taking cinema that adds up to first-class movie entertainment.

"Ivanhoe," at Loew's Warfield, is breath taking, too; especially in its castle-storming sequences, its slam-bang medieval tournaments, its pomp and Thirteenth Century high adventure and romance. Especially effective, we thought, are George Sanders as Sir Walter Scott's De Bois-Guilbert and Emlyn Williams as Wamba, the liberated servant. Elizabeth Taylor is certainly handsome in Technicolor, as usual. She plays Rebecca.

"Affair in Trinidad," at the Orpheum, brings back the American Venus, Rita Hayworth, on full display in an exotic, Technicolor clime. The cinema is still showing "We're Not Married," with Fred Allen and a flock of Hollywood players in a film acclaimed the summer's most satisfying comedy. The Fox is holding on to "The Story of Will Rogers," a tribute to the great Humorist.

Stanley Kramer ("High Noon") will be represented at the Golden Gate tomorrow in one of his early independent ventures and one of the top prize-fight pictures of them all — "Champion," taken from the Ring Lardner story, that made Kirk Douglas a star in one picture.

With it will be John Garfield's "Body and Soul," our favorite prize-fight movie. This makes a two-fisted double-bill if ever there was one.

And "Laura," at the Stage Door; don't overlook this. It is one of the best mystery films ever made, featuring Gene Tierney, Vincent Price and others. It is showing with a revival of "This Above All," the Tyrone Power - Joan Fontaine favorite.

Don't strain your eyes!

San Francisco CIVIC LIGHT OPERA

M-W Wins Damage Suit

PORTLAND (AP) — Montgomery Ward won a $2,900,000 damage suit last summer against 54 rail and motor carriers, but the unsettled question Saturday is who is going to pay it?

Attorneys concluded arguments on the matter in federal court Thursday with Montgomery Ward asserting it could not divide the damages, and tell individual carriers how much to pay.

The damages stem from a six-month-long strike in 1941 by AFL clerks and warehousemen. Montgomery Ward said the carriers refused to go through a picket line, and this cost the firm nearly three million dollars in mail order business.

Federal Judge James Alger Fee awarded the decision to Montgomery Ward—but no money yet has been paid.

The judge heard the final arguments, then took the case under advisement after announcing his opinion that it was possible to compute the amount of damages to be laid against each carrier.

Min. wage law will hit hardest at labor-intensive bus. – i.e. small bus.

From early days, necessity to unite to fight labor unions has stimulated employers to unite -- v. Speek, p. 53, for e.g. cigar mfrs.

They probly then used this for monop. purposes.

So don't think of this as a process dating from John F. Lewis only. & cf. Levy, on British mnpy growth.

Rob. Crusoe would never think he could improve condition by breaking windows.

It is mnpst who thinks that --- producers of windows.

Labor tries to improve its bgng position by breaking windows -- acts mnpstcly. & this can become crusade

to questions of distribution & of money: lead to window breaking ideas.

Socialists seem inconsistent saying profits high, but inv. opp. low. & they are. But is truth in it all same --- incomes from vested invs hi, partly because new invs artificially prevented lo. Thus introduce subject.

Harper's
MAGAZINE

How Big Is Too Big?

Peter F. Drucker

For the first time in more than seventy years the battle cry "Down with Big Business!" has failed to raise the blood pressure of the American public. More anti-trust suits have been started in the past few years than in all the preceding fifty—between the adoption of the Sherman Act and the outbreak of the last war. Congressional investigations of this or that phase of "bigness" have been held year after year, complete with television cameras and klieg lights. Business men have been counter-charging with an all-out campaign of full-page advertisements in the papers and of company statements mailed out by the thousands. And yet the Senators and Congressmen of both parties have conspicuously shunned "bigness" in their public speeches; and although a year ago the Democratic high command definitely planned to make it one of the major issues both in the 1950 congressional elections and in the 1952 Presidential election, these plans have apparently been quietly dropped. The public just wasn't interested.

In one respect the indifference of the American people has been soundly based. The fight has been a sham one. Few people believe any more that we can choose whether we want bigness in business; it is too obviously here to stay. And certainly there is no such choice in a cold war which demands something only very big businesses can furnish—a peacetime production system that is rapidly convertible to wartime production.

The congressional sub-committee that investigated business profits last year heard only one "small" business—a company employing five thousand people, which would have put it practically in the octopus class in Bryan's time. With one exception, every one of the children of the original "octopus"—the eleven units into which the Standard Oil Trust was broken up by the Supreme Court forty years ago—is now larger than Rockefeller's mon-

Mr. Drucker relates the question of monopoly to the changed economy which he has examined more fully in his most recent book, The New Society. *He is a management consultant to several large firms and a former professor of politics.*

opoly ever was; yet only three of them rank among the largest oil companies of the country today. Thus does the scale of business operations expand.

Not only is bigness here to stay, but bigness —including big business, big unions, and big government—is both essential and inevitable in a modern industrial system. Even the small band to whom the fight against it is a religious cause—a very small band but a devoted, noisy, and well entrenched one—have largely accepted these facts; they fight on only to sell their lives dearly.

Yet although the general public is quite right in yawning at the denunciations which issue from time to time from Washington, it is wrong in neglecting the problem of bigness altogether. For it is of vital importance—precisely because the issue is no longer whether we want bigness or not. As soon as we accept the fact of bigness we are up against two more questions. First: should there be any limits at all to bigness; or in other words, "How big is too big?" And second: in a big-business economy, how can small businesses and young businesses come into being, survive, and prosper?

The answers we give to these two questions will determine America's economic and social structure for a long time to come.

THE first question—how big is too big?—we are beginning to know how to answer. For during the past few years a number of students of present-day industry have found new ways of distinguishing normal growth from tumor. They have developed three yardsticks with which to measure the economic health of an industry. These three yardsticks are not precise gauges. There is lively controversy over each of them, and bitter argument as to which of the three should be considered the determining one. But by and large there is wide agreement that they are sound as general principles—which is all the more astonishing because they are all really quite new, each of them represents a pretty radical break with the traditional thinking both of "trust busters" and of business men. Here, in brief, are the three criteria of health:

(1) A business concern is not unhealthily big if it does not interfere with "workable competition."

(2) It is not unhealthily big if it does not prevent newcomers from getting into the industry, or small businesses from surviving in it as independents.

(3) It is not unhealthily big if it does not put undue economic power into a few hands.

II

LET us begin with yardstick No. 1. What is "workable competition?" The gist of the idea—which has taken the economics departments of the universities by storm, though J. M. Clark of Columbia first coined the term only ten years ago—is that traditional economists were quite wrong when they said there ought to be "perfect competition" everywhere in the business world, and if competition was "imperfect" this was a sign that monopolists were at work. The new idea is that "perfect competition" is a meaningless abstraction—you can't get it these days, and it isn't even desirable. If we had "perfect competition" the prices of automobiles, let us say, or overcoats would vary from day to day as shoppers went searching for bargains; and as a result the sort of corporate budgeting and planning on which stable business and stable wages depend would be quite impossible.

"Perfect competition" might work among traders who operate on their own, with few employees and few long-term commitments; it makes no sense in a world of manufacturing plants representing a heavy, permanent investment, on whose stability depends the security of thousands. Competition actually works better if the market is subject to some restraints and controls. The old idea was that if different companies set different prices for the same goods, this was a sign of healthy competition; if they set identical prices, this was a sign of monopolistic collusion. Nonsense, say the new economists: if the prices are identical, what this means is not that there is collusion, but that the communications system is so good in that particular market that every buyer and seller instantly knows everybody else's prices—as in a cotton exchange, let us say. Only where buyers cannot find out what other sellers are charging—or vice versa—will there be differences in prices for any length of time. It may of course be true that identical pricing in a given situation—say in steel, or in gasoline—*may be* the result of price-fixing and col-

lusion; but it may just as well be the result of hard, toe-to-toe competition.

If, then, "perfect competition" is no longer necessary or desirable, and identical prices are not necessarily an unhealthy sign, what is "workable competition"? It is competition that has a healthy and enlivening effect on the industry, say the new economists. Is the industry progressive? Does it push new methods and new products? Does it push toward bigger output? Does it cut costs? Does it give the consumer the benefit of lower costs and greater efficiency in the form of lower prices or higher quality? If these questions can be answered with "Yes" the industry has "workable competition"; for the consumer enjoys the benefits which competition is supposed to give him.

For some industries this is a more stringent test than the old yardstick of monopolistic behavior. According to the old yardstick the building industry is, for instance, a highly competitive one; individual building contractors are in sharp competition with each other for business. Measured by the new yardstick of "workable competition," however, the building industry would hardly pass muster; no matter how competitive in behavior, building does not give the consumer too much of the effects of competition. It lacks the "controls" without which competition is unlikely to be "workable"—in this case, companies large enough to push toward a mass-market, to develop new and better ways of building, and to be able to operate on a low profit margin per unit. By the same token, however, most of the industries in which big business operates give "workable competition."

The new doctrine does not condone monopolistic practices such as cartels, or quotas, or holding prices artificially high so as to keep inefficient high-cost producers in business. Every practice to restrict output or to inflate prices would be as much outlawed under the new doctrine as it has been under the old. But the new concept distinguishes sharply between practices that are monopolistic in their effect, and practices which, like a long-range price policy with its elimination of *short-term* price fluctuations, makes possible the ultimate benefits of lower price and better quality to the consumer—something the old theory never could do. If the industry is lively and inventive and its trend is toward lower prices, the consumer makes out well and the test of "workable competition" is being satisfactorily passed.

III

But the effect of bigness on the *consumer* is not the only test. We also must measure when bigness gets so big as to *endanger the structure of society*. The answer we now give is: when it unduly narrows access of newcomers to the industry, or when it threatens the survival and independence of the efficient small business.

This double yardstick needs no justification. An economy in which new businesses can be started only by members of the billionaires' club becomes a stagnant and, inevitably, a rotting economy. Furthermore, it offends our deep American belief in equality of opportunity and our sense that the man who develops his own business is an asset to the community. And where are tomorrow's big businesses going to come from if there are no small businesses within an industry or if they cannot lead a healthy life? The degree to which access to an industry is open to the newcomer is an index of the economic and social health of our society, and the health of the small businesses within an industry measures the economic health of that industry itself.

There are few, if any, major industries in which both access for the newcomer, and opportunity for the small man, are seriously inadequate. But there are many which meet only one of these two requirements. In the production of raw steel, for instance, the small fellow can hold his own. There are several hundred small companies—some with less than 250,000 tons capacity—that effectively compete with the giants such as U. S. Steel, with its thirty million tons of raw-steel capacity. But a newcomer would need about fifty million dollars these days to get started; for there has been a rapid increase in the cost of steel-making equipment, from eighty dollars a ton of capacity twenty years ago to three hundred dollars or more today—as a result partly of inflationary price increases, partly of technological improvements demanding more expensive equipment. And that is too expensive to rate as "adequate access."

The automobile industry, contrary to popular belief, offers extremely easy access. It is

true, of course, that none but extremely large businesses can engage in the production of the complete car; Nash, Hudson, and Willys are "small" only by comparison with such giants as General Motors or Ford. But there are three areas where the small man with little capital can get in; and in any of the three he can, if capable, make more money faster than as an executive in one of the big companies. He can become a dealer, either of new or of used cars. He can open shop as a maker of high-precision tools and gauges—perhaps the most profitable business for a man of the right skill and one requiring little initial investment. Or he can take up the production of accessories such as the sunshield that became popular these past few years, or the windshield sprayer, or of replacement parts such as piston rings, steering pins, or shock absorbers. In these fields the small independent actually enjoys an advantage over the big fellows, for he can make parts that fit all makes of cars and can thus offer the repair man a complete "range" where the big companies supply only the parts that fit their cars.

CLEARLY, we need to know more before we can say whether or not there is too much bigness in an industry for the good of society. In the first place, we must screen out those difficulties of access or of smallness that are due to the large amounts of working capital one needs to get started in some industries—as, for instance, in steel making. These difficulties are certainly serious, but splitting up the big units or restricting them will not make it any easier for newcomers to get into the industry. And in the second place, we must keep in mind another question which is not always easily answered. What is the *logical size* of the business units in any given industry? It may be small or it may be large. And if it should prove to be large, that fact will affect our judgment as to the healthiness of bigness in that particular sphere.

Let's take the oil industry as an example. The *transportation of oil and gasoline* should functionally be in the hands of a few big units, and the opportunities to newcomers and for small enterprises should logically be rather limited. For the transportation of oil requires special equipment that cannot be used for anything else—both because oil is a liquid and because most oil products are highly inflammable. At the same time, the equipment is so costly that economic operation requires constant use—and that means large quantities. It is not worth while for even a large railroad, for example, to own tank cars; they have to be in the hands of a specialized agency to be used economically. Oil *exploration,* on the other hand, should both be easily accessible to the newcomer with a limited capital, and be profitable for fairly small units. A well-equipped oil exploration crew represents an investment of half a million dollars or so. Pouring in more money does not necessarily make it more efficient, particularly as such specialized services as geological advice are obtainable on a consulting basis. Oil *refining* should also be fairly open—except for the high capital investment needed for a modern unit. *Marketing,* however, would again be predominantly in the hands of a small number of big units. The product—a highly inflammable liquid—is sold in very small quantities per sale, thus requiring a rather elaborate organization to be efficient. Also, the motorist has no way to test the quality of the gasoline or oil he buys; he has to depend on a brand which he wants to find wherever he goes.

Functionally, therefore, entirely different patterns of concentration would be justified in the various branches of the oil industry. What would be excessive concentration in exploration, or even in refining, would be wasteful splintering in transportation, and vice versa. Incidentally, the oil industry actually follows its functional pattern fairly closely—except that marketing is a good deal less concentrated than one might expect.

This kind of analysis of an industry does not answer the question: is it concentrated or not? It answers the much more important question: is it *unduly* concentrated? Once one has grasped this idea that different industries have different patterns that are "right" for them, one obviously becomes skeptical of such analyses of "concentration" as have been published by the Federal Trade Commission. Suppose the Commission shows that in one industry four companies have half the market, while in another and totally unrelated industry it takes sixteen companies to produce that much. Yes, one says—but let us look at the nature of these industries; actually the first one may well be comparatively unconcen-

trated, whereas the second may suffer from excessive concentration. It is only the concept of a functionally "right" pattern that can lead to wise judgment as to the health of an industry. And this new approach to the problem of bigness has a further advantage. It considers the number and prosperity of the small firms to be as important an indication of the health of the industry as the degree of concentration in the hands of the big firms; the old-style analysis never paid any attention to the small companies at all.

IV

The third and last of the three yardsticks with which we can now measure the healthiness of bigness is political. Does it put undue economic power into a few hands? The phrase has a fine, traditional ring—but it is coming to mean something very different from what it did in the days when "Wealth versus Commonwealth" was its popular slogan. By and large, all sides accept today the idea of a balance between the big power-centers: big business, big unions, big government. There are, of course, diehards in all three camps who are not willing to accept anything short of unconditional surrender. The fight over the exact location of the frontiers is hot and heavy, and the balance is, at best, uneasy and temporary. But the idea of a balance, at least, has been accepted—perhaps the most fundamental effect of the New Deal on American political thinking.

Today the question about undue economic power refers to the power wielded by individual corporations or managements, rather than to the power of business men as a group. The theory behind it is that a management has excessive economic power if its mistakes—or the abuse of its power—could endanger the entire economy. This is the reasoning behind the government's anti-trust suit to force the du Ponts to get rid of their holding in General Motors and U. S. Rubber—of all the suits the most difficult to squeeze into the legal framework of the Sherman Act, and the one most directly aimed at "bigness" as such rather than at "monopoly" or "restraint of trade." One may wonder whether the facts in the du Pont case bear out the government's contention. One may deplore the attempt to legislate against bigness under the guise of a suit against monopoly rather than through congressional enactment—certainly the least attractive feature of the campaign waged by the Anti-Trust Division. But very few economists, even in big business, would disagree with the fundamental idea that there is a limit beyond which the concentration of power in the hands of one economic group must not be allowed to go.

Of the three tests of bigness this last one appears, at first sight, to be the most drastic. This is why it has become the favorite of the Federal Trade Commission and of the Anti-Trust Division, the two agencies still largely influenced by the unreconstructed emotional rebels against bigness. But closer analysis makes it look a good deal milder. For to make out a convincing case that such dangerous concentration exists, a corporation or a management group must first be shown to have a strangle hold on an industry or a group of industries. If they are simply guilty of monopolistic practices, they can be stopped anyhow under the old doctrine of monopoly as well as under the doctrine of "workable competition"; we would not need to apply a new and rather vague concept such as "excessive concentration." In addition, the industry must be shown to have a pervasive impact on the nation's economic health, either because of the number of men it employs or because of the importance of its products. There are very few industries or companies of which this would be provably true. The control exercised by the large private bankers, the Morgans and Kuhn, Loebs, some twenty or thirty years ago would certainly be considered "excessive concentration" today. But the attack on them is hardly even good campaign oratory any more. The combination of du Pont and General Motors and U. S. Rubber might be held excessive concentration if the government's facts can be substantiated. The steel industry might offer the only other example—but only if there is found to be collusion between the companies, and if there is such collusion, no action aimed at excessive concentration would by itself be effective.

But the chief reason why the doctrine of "excessive concentration of economic power" is not likely to be applied to business with any great vigor is that it would endanger the big unions. By its very nature, a national union must represent the very sort of concentration

the doctrine attacks. The actions of every one of them—the coal miners, the teamsters, the steel workers, etc.—have that "pervasive impact" upon the entire economy which is the characteristic of excessive concentration. Each one must necessarily strive for complete control of its own industry. In addition, union-membership is necessarily much more concentrated than anything else in the economy. About one-third of all union members are organized in six unions, about one-half in thirteen.

By contrast, the six largest manufacturing companies have together not more than 8 per cent of the country's total industrial employees—fewer than are organized in the one largest union; and the twenty largest companies employ about the same proportion of industrial workers—15 per cent—as are organized in the two or three largest unions.

This has not bothered the Anti-Trust Division and may well have been one of the major reasons for its enthusiasm for the new doctrine; ever since Thurman Arnold first took over, the department has been trying to get at union bigness and union monopolies. But the unions, understandably, do not share this enthusiasm. And it is an open secret in Washington that union resistance has been largely responsible for the cooling of the Administration's ardor to campaign on an anti-bigness platform.

So we can conclude, not only that it is rather hard to prove "undue concentration of economic power" in big business today, but that this third yardstick cannot logically be applied with any severity without raising the question of union power—a wholly different question which involves a different set of issues. In practice, therefore, the chief criterion of industrial health is not likely to be this third yardstick. And of the other two, it is more likely on the whole to be the second one—does the industry offer adequate access to newcomers and adequate chances for small business?

But at this point in our argument we run head-on into a very important fact: that in most cases the chief reason why it is hard for newcomers to get into industry, or for small businesses to prosper in it, *is not the bigness of the big units but the amount of capital which people need in order to operate under the technological conditions of today.* And this and other difficulties which new and small businesses come up against cannot be cured by action against the big units, however drastic.

That is why more and more economists have come to wonder whether we are not barking up the wrong tree altogether in giving so much attention to the prevention of excessive bigness. They feel that, altogether, more companies are probably too big for efficient management—a wholly internal and legally unenforceable limitation—than are too big for social and economic balance. They feel that we need hardly worry about how big is too big, as long as we make sure that there is an adequate supply of young businesses, and that there are adequate opportunities for small businesses. This by itself would prevent the degenerative diseases of the economic body, the arteriosclerosis of big business bureaucracy, the tumor of monopoly, and the dropsy of excessive concentration of power.

In a second article, next month, Mr. Drucker will continue this discussion, with emphasis on what needs to be done to help new and small enterprises.—The Editors.

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Carpenters' Strike

Courts enforcing contracts restrains trade

Contractors Threaten To Suspend All Building

The Associated General Contractors threatened yesterday to suspend all contracting work in Northern California in retaliation for a strike of AFL carpenters.

In San Francisco, eight associations representing contractors in San Francisco, Alameda, Marin and San Mateo counties obtained a court order temporarily restraining the carpenters from making separate agreements with individual contractors.

The contractors' threat to shut down all construction work would, if carried out, idle some 200,000 workers in 42 counties.

Harold Ringrose, director of labor relations for the contractors' association, said there was a "very strong possibility" that the work suspension would be ordered.

He indicated to a news conference that the decision will be made after a negotiating session, set for Monday at 10 a. m., with representatives of the carpenters employed in the northern half of the State.

UNION REACTION

Informed of the possible action by the contractors, C. R. Bartalini, secretary of the AFL Carpenters' District Council, said: "Swell. That means all of the building crafts will be able to get their unemployment insurance."

The contractors' threat came after the 33-day strike of some 12,000 Bay Area carpenters started slowly spreading into other Northern California areas.

Projects at Pittsburg, Marysville and Travis Air Force Base, Fairfield, were struck Tuesday. All building trades crafts employed on a junor high school job in Chico walked off yesterday.

The strike at Travis Field has stopped work on projects involving an estimated $15,000,000.

SHOW CAUSE ORDER

The temporary restraining order was issued to the contractors yesterday by Superior Judge William F. Traverso, who ordered the Bay District Council of Carpenters to appear at 10 a. m. Monday before Superior Judge William T. Sweigert to show cause why the injunction should not be made permanent.

Signing up individual contractors under supplementary agreements is a violation of the contract between the contractors and the carpenters which was signed last June, the contractors said. The carpenters have asserted in advertisements in San Francisco newspapers that 1900 individual contractors have agreed to their demands.

Bartalini, of the carpenters' council, denied the agreements were in violation of the contract.

Federal Conciliator Arthur C. Viat has scheduled a new peace meeting between the striking Bay Area carpenters and the AGC for tomorrow at 10 a. m.

The carpenters are asking a 15-cent hourly wage increase and an employer contribution of 7½ cents an hour to a health and welfare fund.

Also on strike against the contractors are 1500 Northern California pile drivers and bridge builders.



Mr. Brownson of Indiana—Twentieth-Century Republican

WILLIAM H. HESSLER

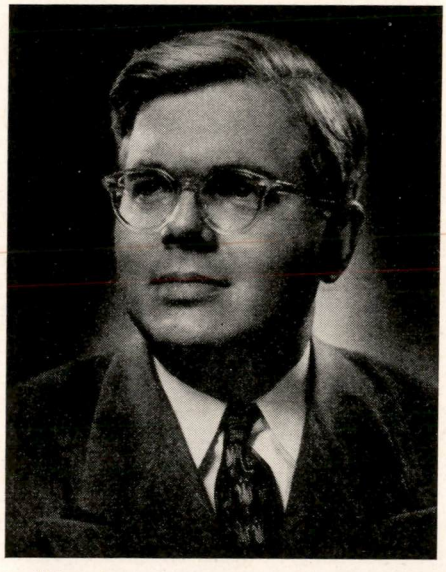
SOME RATHER important people in Washington — Presidents, Secretaries of States, and such—have been trying for some time to put a halter on Syngman Rhee with no success at all. It has remained for a little known Republican Congressman from Indianapolis, Charles B. Brownson, to get a curb into the mouth of the intransigent Korean President and twist the reins.

Brownson will undoubtedly become better known, for the simple reason that findings of investigations he conducts stand the test of time. He isn't after headlines. He isn't after victims. As chairman of the Subcommittee on International Operations of the House Committee on Government Operations, Brownson just wants to see that the U.S. taxpayer's dollar, when spent overseas, buys a whole dollar's worth.

The report Brownson's subcommittee released when it returned from Korea a few weeks ago takes the redoubtable Rhee down a number of pegs. It accuses the headstrong Korean of insisting on "building memorials to his administration" instead of filling the bread-and-butter needs of a people suffering desperately from a spoliation of their luckless country. Rhee, says Brownson, wants a new Capitol simply because the present one was built by the Japanese. He also wants superhighways, four lanes wide, across a mountainous country where there are few motor vehicles.

America doubtless owes the Korean people a good deal of help in reconstruction, and Charles Brownson won't quarrel with this. But whether we spend $600 million or $6 billion, this plain businessman from Indianapolis wants to see the money spent for things the Korean people desperately need, not for monuments to the megalomania of a political boss.

TO GET an accurate picture of Brownson himself, you must begin in Indiana. The official motto of the state is "The Crossroads of America." At the geographical center of this central state is its capital and only large city, Indianapolis. Right in the center of Indianapolis



is Monument Square. This handsome circular plaza has as good a claim as any public square in the country to be called the crossroads of America. And on Meridian Street, the north-south bisector of the city, two hundred yards from Monument Square, you'll find the Central Wallpaper and Paint Company.

In a secluded little office toward the rear of this establishment—but only on rare weekends during a session of Congress—you'll also find the proprietor, the Honorable Charles B. Brownson, Representative in Congress of the Eleventh District of Indiana, which consists of Marion County.

In his second term at the age of thirty-nine, with a mane of graying hair quite Congressional in aspect, Brownson is by no means a major figure in the Eighty-third Congress. But he is a significant figure, as a specimen of the change that is coming over the Republican Party.

No Tears for Mellon

When Franklin Roosevelt was inaugurated in March 4, 1933, Charles Brownson was nineteen years old. The great depression was safely over before he was graduated from the University of Michigan. He then built a bankrupt wallpaper and paint business into prosperity in the climate of the New Deal.

Republicans of this vintage tend to take for granted the value and permanence of the liberal reforms of the 1930's. Instead of turning instinctively to the road back to the halcyon days of Coolidge, they are inclined to start from where we are right now and deal concretely with problems at hand. They do not act primarily on the basis of nostalgia, for the simple reason that they don't miss the Mellon era. If they served long years overseas in wartime, as Brownson did, they tend to carry their widened horizons into their political thinking and become internationalists. And if they answer to an urban constituency, as Brownson does, they may even be ready for reforms—a Fair Employment Practice Committee, for example—that would carry the New Deal another step forward.

His internationalism contrasts strikingly with the ornate chauvinism of Indiana's eloquent junior Senator, William E. Jenner. And his

anti-Beck pockets within the Teamsters in such places as New York, Pittsburgh, and Chicago.

Beck is always loquacious and willing to talk on a variety of subjects. One of his pet topics is what he calls the "Washington Monument" a white marble edifice he is building in Washington for a new Teamster headquarters.

The redundant cliché dominates Beck's conversation to the extent that even his best friends admit to being bored by him. His calmer discourses are marked by a curiously stilted phraseology; instead of saying "We will organize this group," Beck will say, "We plan to bring the benefits of unionism to them." When he gets excited, which is often, his conversation becomes all but incoherent.

The expensively dressed Teamster leader is rather anxious to offset certain popular impressions of himself. He denies that he approves everything that business does. Of the New York dock situation he says:

"The owners are as much to blame for the New York dock situation as are the racketeers. The problem has been created because of the employers' greed for cheap Sicilian labor."

Beck sees himself as a middle-road labor leader. "The CIO and the leftists like to label me a reactionary," he says. "Some businessmen who don't know me still say that I am a radical. Neither are right, of course. The fact is that somewhere along the line we are going to work out the American system of labor ideals."

What Beck seems to mean by "American labor ideals" is bread-and-butter unionism. "Basically I feel," he says, "that the country should not be controlled economically and politically by either business or labor."

Beck never allows himself to be led into side alleys. There is no waste of strength in any venture not calculated to bring direct benefit to the Teamsters. In state legislatures Dave's lobbyists restrict their efforts to advancing pro-Teamster or pro-trucking legislation. Beck is not apolitical, but when he backs a candidate it is with money and without publicity, and for the specific good that can be done. Beck is regarded so poorly in Seattle that since 1938 his open political support has been tantamount to a kiss of death. Beck says, "I have never tied myself to any political party. Of more concern to me than somebody's election is what a politician may do to help or hurt my relations with the businessmen with whom I deal."

Lately Beck's political efforts have been limited to teaming up with the trucking industry to fight the railroads. He views such labor-management co-operation as a milestone. *Fortune* has pointed out that Beck and the truckers tend to ignore the fact that such hand-in-glove activities may adversely affect the consumer.

While Beck is frankly obsessed by the industry-labor co-operation he has fostered, it does not mean that he would, as some critics have suggested, ever sell out the membership. Despite his susceptibility to business symbols and his conservatism, he is still a labor man to the core.

The Head Office

Contrasted with Walter Reuther's brilliant, dedicated CIO staff, Beck's bureaucracy tends to the second-rate, and at Beck's headquarters any display of intellect is usually highly suspect. "Our developed talent is too often attracted to management," Beck complains, but the real reason many people have refused Beck's job offers is that the Teamster climate is not conducive to independent thinking. "It's hard to work for Dave and maintain any sense of personal dignity," one assistant has said.

Beck's subalterns are worked hard. "Half the time the old man is liable to call you up at 3 A.M., and you have to have your job on your mind at all times," according to a Teamster official. "The pressure is terrific." In Seattle Beck created a remarkable little union empire around his palatial home at Sheridan Beach. He flanked the house with smaller houses, which he sold to Teamster satraps. To them he made his swimming pool, private theater, and huge recreation room available. "Dave puts a premium on sycophancy," according to an old associate. "But he doesn't even bother to try and command personal loyalties. He knows the men are there for a good paycheck, nothing else. But he doesn't care."

The greatest single factor in Beck's Western success has been his ability to play the "If I don't get you, Harry Bridges will" game with business. Beck has failed to make conspicuous headway in areas never threatened by Bridges. Merchants in Portland, Spokane, and a number of other Western cities never played ball with Beck because there was no counter-threat.

As yet Beck hasn't found a made-to-order national foil as useful as Harry Bridges. Obviously, Beck would like to make Walter Reuther into one. Most labor experts believe that Reuther is too smart to get caught in this role. They also say that Beck, with his now immense powers, does not have the same need for a foil that he had in 1937.

Beck's ultimate aims have been the subject of considerable speculation. The candid opinion of one of his closest associates would seem to be nearest to the truth. "Dave doesn't want to go any place that he isn't already," he said. "He doesn't want to be the messiah who brings the divergent parts of the labor movement together. He simply wants the kind of power that will make Reuther, Meany, and Lewis jump when he barks. And maybe he'd like to put Charlie Wilson and Irving Olds through the hoops, too."

Sounded out not long ago about his aspirations toward the AFL presidency, Beck said, "If they offered it to me tomorrow, I wouldn't take it. I suppose, in some minds, it's a great honor. But ninety-nine per cent of the time the AFL president spends is in the legislative field. I think what work I can do in the organizing field is tremendously more important than what I might be able to do in the political field."

Privately Beck is inclined to be rather contemptuous of the AFL central machinery. Since he has upped his per capita payments from 625,000 to 1,300,000, he feels that he is the AFL's principal support and can look on George Meany and his staff somewhat as employees.

Beck's ultimate aims seem to be somewhat obscure even in his own mind. "I limit my concentration to the immediate task," he says. "But when other questions come up I will find an answer for them. You can be sure of that."

International Longshoremen's and Warehousemen's Union, was marching inland. Beck saw his chance to capitalize on the business community's fear of Bridges's leftism. He suddenly shifted his sights and posed as the businessman's friend. When Bridges predicted the eventual demise of the employer class, Beck replied:

"Some of the finest, most honorable men I know are employers. Sound labor leaders will try to find a common ground of understanding between labor and employers."

Under such ardent wooing, business warily accepted Beck. When business discovered that Beck was in the habit of keeping his word, the uneasy liaison blossomed into real romance. Beck was enchanted with his new-found favor on the right side of the street. He conveyed this delight with orthodox pronouncements on such issues as public power, health insurance, and government controls. Years ago he told a surprised Teamsters' convention:

"We want government to get out of business as quickly as possible—and stay out!"

Businessman or Labor Leader?

Beck was speaking both as a labor leader and as a big businessman in his own right. He is now reputedly worth over a million, largely earned in legitimate real-estate speculation. He considers himself a businessman-in-labor rather than a unionist with business sidelines. His attitude is summed up in his boast, "I run this union just like a business."

"Dave fancies himself as the director of a huge labor-supply corporation," a reporter has said. "He is selling a product—human labor—just as Westinghouse sells refrigerators. He tries to get the best price he can for his product, but that's as far as his union ideology goes."

Beck's apparent apostasy and his octopus-like attempts to engulf weaker unions have earned him the widespread dislike of almost all other unionists. For years epithets of "strikebreaker," "business stooge," and "No. 1 traitor to the labor movement" have been thrown at Beck.

Beck is not unaware of such attitudes. Although he has discounted them by saying, "For every enemy I make in the labor movement, I make a hundred new friends in the Chamber of Commerce," he has attempted to neutralize the hostility of other unionists by means of jurisdictional pacts with several powerful AFL groups.

That this may be at best an uneasy truce was evident at this year's AFL convention in St. Louis. When AFL President George Meany denounced raiding tactics, in a pointed yet anonymous reference to Beck, most of the seven hundred delegates broke into thunderous applause while Beck, the newest AFL vice-president, sat impassively on the platform.

Beck had a pious answer ready. "We are not looking for any fight



with other unions," he said. "However, we do not intend to sit by idly and watch encroachment of our work and pirating of our members." An exponent of the "always attack, never defend" psychology, Beck promptly accused seven big AFL unions, among them Carpenters, Electrical Workers, and Plumbers, of "violating" his jurisdiction.

Experienced labor people believe that, regardless of pacts, Beck will continue to create trouble wherever he goes. If this is true, then a series of costly, drawn-out jurisdictional conflicts is in sight. In the unorganized field, Beck sees 750,000 distributive workers ready to be herded into the Teamster corral. "Organization work in the garage, parking lots and service station field is in its infancy and offers one of the greatest potentials," he says. "The possibilities of organizing in the service trades fields . . . are areas in which we have not scratched the surface."

Beck says his most immediate target is the warehouses of the greater Midwest. The strategy seems obvious—and shrewd. With complete control of Midwest distribution workers, he would be in a commanding position to exert powerful pressure on the unorganized Southern truckers and distributors and to checkmate any moves by the CIO factory unions.

As a merchandiser of labor, Beck understands that distribution is national and interrelated. Dan Tobin never quite grasped this economic fact. In Tobin's heyday the Teamsters were a loosely controlled group consisting of many semi-autonomous feudal principalities. Teamster bosses in the cities had a free hand; in Chicago Al Capone's henchmen had control until Beck, on assignment from Tobin, went into the gangsters' headquarters unarmed and negotiated it back.

Glad Hand and Brass Knuckle

In his drive for national power, Beck has a number of impressive personal assets. He has tremendous tenacity of purpose and phenomenal command of detail. He says, "I never forget or overlook anything." His memory is so remarkable that he still remembers the names and addresses on his laundry route thirty-five years ago. "When Beck used to negotiate contracts, he knew more about my business than I did," a businessman has said.

Beck displays an acute sense of timing in his organizing campaigns and in his interunion relations. Although he had coveted Tobin's job since 1940, he waited for it to be awarded him last year through natural ascension. For years there had been whisperings in the praetorian guard around Tobin that Beck was out to dump the old man. Beck, however, made no overt move, but took care to eliminate all other competitors, including Tobin's sons.

ALTHOUGH Beck is often brutally short with underlings and officials of weaker unions, he is not without bluff charm when he wants to exert it. The gladhanding ability he learned in the Elks has helped him in consolidating his control over

Teamsters' boss, Dan Tobin, enough to be rewarded with a job as an international organizer. His improved social status was signalized by his admission to the Benevolent and Protective Order of Elks. It was a big event in his life. "I made friends with judges and businessmen," he recalls. "Pretty soon I was calling them by their first names."

Despite Beck's white-collar contacts, the Teamsters intensified their efforts to create the "economic pressure" that had been absent in 1917. Mysterious bombings occurred at plants whose owners shunned the Teamsters. Farmers' milk was dumped. In Oregon several Beck organizers received jail sentences, and Beck's chief lieutenant was imprisoned for hiring arsonists to burn down a box factory there. For years Beck nervously avoided entering the state.

Beck has always piously disclaimed responsibility for such violence, and has carefully refrained from direct public association with it. In 1933, when he was trying to organize a non-union taxi company, bossed by one "Tanker" Smith, known as "king of the scabs," Beck's parting admonition to his followers at a mass rally was, "If you see any Yellow cabs, *don't* turn them over." That evening every Yellow cab that appeared ended on its back.

'That Last Mile'

Beck is not simply a strong-arm man. Even his most vociferous enemies admit that he has a definite genius for organization. When he started to organize the West for Tobin sixteen years ago, there were only sixty thousand Teamsters. To inflate this total, Beck created what he called the Western Conference of Teamsters, which is now recognized as probably the most brilliant organizing mechanism ever to exist in the AFL. Today there are 390,000 Western Teamsters. The latter word has been defined with increasing looseness; Beck's duespayers include morticians, stenographers, cannery workers, and Hollywood stunt men. "Dave will take anybody he can get his hands on," says a unionist. "Then he'll find some kind of a justification for it. A 'teamster' to him is anybody who sleeps on a bed with movable casters."

Today, with complete control of the men who drive the trucks and handle the goods at distribution points, Beck has the potential strength to make or break strikes in hundreds of industries. John L. Lewis can still paralyze the national economy, but this requires his carrying on a costly war of attrition. He cannot single out one area or industry and strangle it piecemeal. Beck can, at relatively little cost to himself. In a light moment, Beck once composed a bit of doggerel to describe this power. Called "That Last Mile," it goes like this:

"No matter how it's sent,
By rail, sea or air;
The Teamsters have to drive
It that last mile, or else
It won't get there."

THE VERSE neatly explains Beck's enormous economic authority, which he has used in the West with



devastating effect. He even organized Los Angeles, whose business leaders had bragged that it was "the last citadel of the open shop," by refusing to allow Teamsters to handle L.A.-manufactured products in his San Francisco and Seattle strongholds.

The Los Angeles campaign was a rough, brutal war, and both sides played it that way. "Trucks had to crawl up the 'ridge route' into L.A. at three miles an hour," recalls one of Beck's veterans. "You couldn't miss the window of a scab truck at that speed. We broke a lot of windows and signed a lot of new Teamsters."

Once Beck was inside the door, he went through his now familiar routine of shedding his brass knuckles and ingratiating himself with the businessmen. His wage demands were generally reasonable and the sanctity of contracts was guaranteed. If an employer couldn't afford to raise wages, he was shown how he could jack up his prices to cover the increase and incidentally better his own profits.

Another public-relations maneuver was to break the strikes of other unions by rolling goods through the picket lines. During the 1940's this method was used to help crush a general strike in Oakland and others by Los Angeles retail clerks, Harry Bridges's warehousemen in San Francisco, and Boeing aircraft workers in Seattle.

Beck blandly describes such efforts as "instances of the clearer heads of labor making concrete contributions to the cause of free enterprise." He justifies his intrusions in other strikes by saying that "The Teamsters who control everything that rolls on wheels are automatically affected by every labor dispute. We will . . . not try for short-term popularity at the expense of our integrity."

Presently the very people who had fought Beck hardest became his strongest supporters. The Los Angeles *Times,* which battled "Beckism" for years, now calls Beck "a leading force for labor stability in southern California." The Seattle *Times* once asked, "How do you like the look of Dave Beck's gun?" (which cost the paper $10,000 for libel). Some years later, that paper was wishing that "there could be more Dave Becks in the national labor picture."

Businessmen corroborate this estimate. "I don't like the labor racket," said one. "But if we have to have it, I want Dave Beck to run it. You can depend upon his word. He never lies." Another has said, "Most labor leaders don't know what makes business tick. Dave does, and that's why he is the white hope of labor."

Beck's discovery of his remarkably useful formula began in the late 1930's. The new CIO, generaled on the Pacific Coast by the Communist-tinged Harry Bridges, leader of the

Nations was created, the greater part of the Moslem world had become independent. But Middle Eastern tension remains extremely high. Many of its causes are external, but many more spring from the misery of the people themselves. It is true that the Arab peoples have awakened to a new consciousness and are extremely sensitive to any attack on their sovereignty, but in vast areas they have not overcome their ageless apathy toward social conditions. In a great part of the Middle East, poverty, ignorance, sickness, overpopulation, and superstition persist. More and more people realize that they cannot live on patriotism and flag-waving, and that undernourishment and miserable social and health conditions make national independence a mockery.

As one diplomat told me, "The tragedy of Middle Eastern nationalism is that its passions are directed against the outside world at a time when its fundamental weaknesses spring from within."

IT HAS BEEN Soviet policy, of course, to encourage neutralism in the Middle East. The Russians have succeeded in selling the idea that Russia unconditionally supports the national aspirations of all Arab and Asian peoples. On any and every occasion, Russia attacks the "imperialist" and "colonial" policies of Great Britain, France, and the United States. Also, there is no use denying that Russia's effort to depict the United States as a power that wants war has had a large measure of success. The Stockholm Peace Appeal was endorsed by more than three and a half million people in the Middle East.

Naguib on Stalin

The Egyptian newspaper *Al Misri,* which is neither Communist nor even pro-Communist but strongly nationalist, said last April: "How can we put any stock in the friendship or collaboration of a nation which dared to use germ warfare against civilians exhausted by two years of war . . .? There is no doubt in our minds that United States foreign policy is inspired by the need of a war in order to forestall impending economic disaster." *Al Misri* added: "In contrast to American policy, the Soviet Union promises a policy of peace, and that is the only one which can help nations struggling to insure their independence and their freedom."

When Stalin died, General Naguib went to the Soviet legation in Cairo and wrote the following tribute: "Stalin was a true hero and his name will live eternally at the side of those great ones of history whose virtues have been most extraordinary. No one will forget the power and the glory that he brought to his country during the Second World War, any more than anyone will forget his love for a policy of peace. . . ."

There are other indications of how successful Soviet diplomacy and propaganda have been in Egypt. Egypt is negotiating a commercial treaty with Moscow. The Soviets have engineered a trade arrangement between Egypt and Communist China, and in 1952 Egypt exported almost $9 million worth of cotton to Peking. For the first time since the establishment of diplomatic relations between Cairo and Moscow in 1943, Egypt some weeks ago authorized the import of Soviet films. Negotiations are now being carried on to raise Soviet legations in Arab nations to the rank of embassies and to exchange military missions between the Arab nations and the U.S.S.R. Recently Russian Mohammedan pilgrims to Mecca visited several Arab capitals. This was of course presented as evidence of freedom of religion in Russia, and now Soviet Mohammedans are being admitted to Al Azhar University in Cairo.

Prophet-Sharing Plan

It was a graduate of this university, the greatest in the Mohammedan world, who recently published a pamphlet called "From Here We Start." The author, Khaled Mohammed Khaled, seeks to prove that Islam has a common base with Marxism and that there is no fundamental contradiction whatever between the two doctrines.

AS MY TRIP went on, I became more and more inclined to wonder how much truth was left in the old slogan, "Islam is Communism's greatest obstacle." It is true that many Arabs who believe that Communism furthers their cause are in no way true converts to Communism. But it is also true that their numbers and influence are increasing. There is no immediate danger that Communism will dominate the Middle East. But the seed has been well sown, and there will be workers for the harvest.





Dave Beck Comes Out of the West

JOE MILLER

ABOUT THE TIME this fall when Martin Durkin was leaving the Department of Labor, Washington was beginning to be very much aware of the recent arrival from the Northwest of a man whose impressive future on the national labor scene seemed as certain as did Durkin's eclipse. The man was Dave Beck, general president of the AFL's International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers, the nation's biggest union. Beck's autocratic power over his 1,300,000 members is generally agreed to exceed that of John L. Lewis over his Mine Workers; his power among the businessmen with whom he deals is unparalleled in labor ranks; his potential political power is now being nervously gauged in the capital.

There is no secret about the immediate plans of the pink-faced, steel-eyed man from Seattle, who has, in thirty years, worked his way from a laundry wagon to undisputed leadership of America's most powerful single union. His present membership goal is three to four million, and he may well achieve it.

After standing poised for years beyond the Rockies somewhat as Attila the Hun threatened Rome from beyond the Alps, Beck was unanimously elected to replace the aging Dan Tobin as head of the Teamsters in October, 1952. Now he has moved his headquarters to Washington, with a union treasury of $29 million and eighteen hundred tough organizers behind him.

When Beck recently announced the capture of nineteen thousand CIO Brewery Workers in violation of an unofficial AFL-CIO no-raiding agreement, a reporter asked him what Walter Reuther might think. "I don't give a damn what Reuther thinks!" shouted Beck in his high-pitched voice. "Who in the hell is Walter Reuther to me?"

The remark is typical of Beck's disdain toward most other labor leaders. Of Reuther he says, "He's just a one-industry man. He runs a big local." John L. Lewis is the only leader toward whom Beck reveals hero worship. But unlike Lewis, Beck scorns overt manifestations of militancy. "What the Teamsters want," he says, "is peace and per capita. I hate paying strike benefits."

Many labor leaders are men of dedication, eloquent speakers, determined negotiators, even outstanding intellects. Surprisingly few of them have exploited their power to its furthest possible limit. Even Lewis allowed his own corrosive ego to betray him at the moment of his greatest strength. Beck seems relentlessly consistent in his devotion to the belief that God is always on the side of the heaviest battalions. "Dave's whole idea is to *make* you come to his office, not *ask* you," says an associate.

Education of an Autocrat

Dave Beck learned the dynamics of power at an early age. His family was very poor, and he began selling papers when he was seven. Seattle was a lawless, brawling Gold Rush town in 1901, and the stocky little redhead found that squatters' rights to a good street corner had to be defended with fists.

Beck managed to put in three years at Broadway High School before his father's shortcomings as a provider forced him to go to work with his mother in a laundry. It was twelve-hour-a-day work, and as young Dave trudged home nights carrying laundry sacks, he vowed to escape from poverty.

In 1917 Beck experienced his first strike, when the local of which he had become a member, Laundry Wagon Drivers 566, went out for higher wages. The strike lasted three weeks and the union lost, because, as Beck said, "We didn't have sufficient economic pressure to exert upon the bosses."

When America entered the war, Beck enlisted and went overseas. A few months after his return, the famous IWW-led Seattle general strike of 1919 occurred. It was a flop, and Northwestern labor lost much of its hard-won prestige. Beck's disgust gave him further basis for his aversion to the strike as a weapon.

Unlike most of the younger members of his union, Beck didn't drink or smoke and shunned loafing around. Besides making money, his recreations were reading and taking night business courses at the University of Washington. "I read the biography of every famous man, especially Lincoln," he says.

By 1925 Dave had impressed the

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between contractors where the low bidder succeeded in getting the contract by cutting the pay of the laborer so that they could underbid contractors who paid decent wages.

If the Davis-Bacon provision becomes a part of this Federal road construction program a contractor on any section of our interstate highway will know exactly what he will pay for any type of labor. Competition will be just as strong; the selfish contractor cannot get contracts by merely cutting wages below the prevailing wages of that community. A legitimate contractor will not be in the difficult and untenable position of making a construction bid at the prevailing wage in that immediate locality with the constant fear of having a competitor come from other States and bring in labor at a greatly reduced pay. Opponents of the Davis-Bacon provision state that it will unnecessarily raise labor costs on highway construction. I do not see how this could be the case unless they expect contractors to vie against each other cutting the pay of the workmen down and down. Others maintain that this Davis-Bacon provision in the bill would make a uniform labor rate of pay throughout the country or at least throughout the State. The very wording of this provision eliminates that possibility for it states that the wage shall be fixed at the prevailing wage in the immediate locality of the section of the interstate highway in question. Still other opponents to the Davis-Bacon provision state that the matter of all wage regulation should be left entirely to the State. I cannot see the justification to this stand when the Federal Government is putting in 90 percent of the money in these interstate highways. Another argument against this provision is that the Secretary of Labor would be unfair and would not arrive at a fair wage rate but instead would place a wage rate unfairly high. Those who are opposed to the Davis-Bacon provision for this reason certainly lack a confidence in the Government which I do not feel is justified. This provision has worked successfully in Federal construction for 25 years.

I doubt that this provision will change the situation a great deal in Indiana for we operate generally under similar provisions to the Davis-Bacon provision. But I certainly do not want to deny the Federal Government the right of this provision to insure fair pay when the Federal Government is putting up 90 percent of the money.

The Davis-Bacon provision in this Federal highway bill will, in my opinion, not only insure fair pay to labor, but will eliminate the unfair competition of irresponsible contractors who want to make their profit out of and unfairly compete against other contractors by cutting the wage rate lower than that prevailing in that immediate locality.

The Davis-Bacon provision in this bill will benefit both labor, contractors, and the community generally; and it will lend stability to our roadbuilding program.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. BENNETT].

(Mr. BENNETT of Michigan asked and was given permission to revise and extend his remarks.)

Mr. BENNETT of Michigan. Mr. Chairman, I rise in opposition to the amendment by my colleague from Michigan [Mr. DONDERO].

I have always favored the provisions of the Davis-Bacon Act and have voted to include it in many Federal aid programs during my years of service in the House of Representatives.

I think the provisions of the Davis-Bacon Act should be retained in the pending bill exactly as it was written by the committee.

The Davis-Bacon Act has worked satisfactorily in Federal construction programs for more than 25 years. It will help rather than hinder the highway construction program. These provisions were designed to protect the workingman against unjust discrimination in wage rates and our workers are entitled to that protection under this program. Therefore, I shall vote against the pending amendment. I hope it will be rejected, and that this vital legislation, which is so badly needed to improve the Nation's highways, will be passed by an overwhelming majority.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Chairman, I rise in opposition to the amendment now before us.

I preface my remarks by expressing my great personal affection for the distinguished gentleman from Michigan [Mr. DONDERO] who I know yields to no one in his affection for service to the common man of this country.

It has been said on the floor of this House that this will mean a $2 billion to $4 billion increase in the cost of the road system. I do not agree that the cost would be raised. But, if that argument is valid, it means to me that people could be compelled to work for less than fair wages. And that is the best argument in the world for the enactment of the bill as it stands now with the Davis-Bacon provision.

The argument makes it clear that we must have this provision to protect the people of our country from unscrupulous contractors who would otherwise construct roads with underpaid labor. Those who use this argument as justification to vote against the bill as it is today are voting against the best interests of our people. This amendment or similar amendments make it possible for a few unscrupulous contractors to squeeze excessive profits from the greatest public-works program of all time and for a minority of unscrupulous contractors to sweat those excessive profits out of the hids of the working people of this country.

I cannot conceive how this great country, in expending $23.5 billion on such a huge road program could be so fearful that the small working people of this country should receive proper compensation for their honest labor.

Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD; and I also ask unanimous consent that all Members desiring to do so may extend their remarks on this amendment at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. RIEHLMAN. Mr. Chairman, I am opposed to the Dondero amendment which seeks to strike from this legislation the Davis-Bacon provision. I believe I am correct in saying that this provision, as now incorporated in the bill, pertains to the construction of interstate highways and does not affect our present State authority to regulate prevailing wages on all other federally supported highway projects. It has never been my desire to allow the Federal Government to usurp any of the States rights. This, however, appears to me to be an entirely different situation. Although my State of New York has the proper facilities now in being to deal with this matter, it is my understanding that many other States would have to set up the proper machinery to handle this type of situation. In this case, it appears to me to be a burden and additional work cast upon these States.

Mr. Chairman, I enthusiastically support this legislation as it originally came from the committee. I think it is one of the most important matters this Congress will act upon. Our President, last year, requested such legislation so that we might start immediately to construct a highway system in this Nation which would meet the needs of our people. With the death toll constantly climbing on our crowded highways, I can think of nothing that we can do in a more effective way to eliminate this problem than by the Federal Government bringing into being this great highway program. Not alone will it be of assistance in the abovementioned problem, but it certaintly will add to the defense of our Nation and to our economy. I hope that this legislation passes the House unanimously, and will be concurred in by the other body, and soon sent to the White House for the President's signature so that it may become law.

Mr. FEIGHAN. Mr. Chairman, I am opposed to, and urge the defeat of the amendment offered by our distinguished, able colleague from Michigan [Mr. DONDERO]. The provisions of the Davis-Bacon Act which has been in effect during the past 25 years have proved to be fair and equitable and have contributed to the maintenance of a fair standard of living in every community in which its provisions have been operative. Elimination of the provisions of the Davis-Bacon Act would tend to upset and adversely affect the living standards in communities by permitting the use of cutrate labor which might be imported to work in a community, thus also depriving the local workers of an opportunity for employment.

Several years ago a committee of Congress uncovered a situation where a construction contractor in New Jersey employed foreign ship-jumpers at a wage level far below the prevailing wage rate. We should not permit contractors to exploit wage earners either by threat of exposure or by bidding for workers in an economic slave market.

I not only oppose the amendment by the gentleman from Michigan [Mr. DONDERO] but I also feel that in ascertaining what is the prevailing wage, there should be taken into account and included therein, fringe benefits that accrue to workers. It is my hope that this amendment will be defeated.

Mr. VANIK. Mr. Chairman, I rise in opposition to the Dondero amendment—its enactment would constitute a backward step in employment on public construction.

Congress has long recognized the need of prevailing wage legislation on Federal grant-in-aid construction programs and insured or guaranteed programs. The Davis-Bacon Act has been made applicable to the Federal Airport Act, School Survey and Construction Act of 1950, Hospital Survey and Construction Act, Slum Clearance and Urban Renewal Act of 1954, National Housing Act, multifamily rental housing under FHA, Defense Housing and Community Facilities and Services Act of 1951, Lease Purchase Contract Acts of 1954.

The provisions of the Davis-Bacon Act are fair and essential legislation which must be retained in this highway act. The Dondero amendment must be defeated.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. MCCORMACK] for 1½ minutes.

Mr. MCCORMACK. Mr. Chairman, I want to congratulate the full Committee on Public Works for the wonderful work they have done in bringing out this very difficult bill and particularly to pay tribute to the gentleman from Maryland [Mr. FALLON] and the members of his subcommittee, upon whom that arduous task in particular devolved.

We all know the history of this bill, the journey that was taken last year. I want to congratulate both sides of the aisle for the bipartisan support of this very important bill for the best interests of our country, which bill incorporates the Democratic policy of last year.

With respect to the Dondero amendment, may I say that while I know that my friend from Michigan does not intend it—there is no finer Member of Congress with whom I have served than my friend the gentleman from Michigan [Mr. DONDERO]—the result of his amendment would be to bring about cheap labor so far as this great program is concerned. The Committee on Public Works wisely considered this, and by a great majority of the members of the committee the provisions of the present bill were favorably reported.

I sincerely hope that all amendments that may be offered to the provisions of the bill will be defeated and that the bill will be adopted by the House.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. HOFFMAN of Michigan. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HOFFMAN of Michigan. Several Members who were recognized by the Chair yielded back their time. Is that time to be divided among those who have not been called?

The CHAIRMAN. There was a time limit fixed in the motion of the gentleman from Maryland [Mr. FALLON]. When that time is reached, debate will conclude. We have endeavored to divide the time so that each Member desiring to speak would be recognized for approximately 1½ minutes.

Mr. HOFFMAN of Michigan. Mr. Chairman, a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HOFFMAN of Michigan. What then becomes of that unused time?

The CHAIRMAN. I am sure there will not be any unused time. The Chair recognizes the gentleman from Washington [Mr. MACK] for 1½ minutes.

Mr. MACK of Washington. Mr. Chairman, in my earlier statement on this amendment I said that this Davis-Bacon prevailing wage provision was a Republican law. The authors of that act were two Republican Members of Congress. The bill was passed by a Republican Congress. It was signed by a Republican President. I think the gentleman from Indiana [Mr. MADDEN] unwittingly was in error when he said that the Davis-Bacon law was passed by a Democratic Congress while John Nance Garner was Speaker. The Davis-Bacon law was enacted by the Congress in February 1931 during the first Congress of the Hoover administration. That first Congress of the Hoover administration was a Republican Congress.

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

Mr. MACK of Washington. I yield to the gentleman from Indiana.

Mr. MADDEN. I will accept that correction because the Congress did not change until March 4.

Mr. MACK of Washington. It was in February 1931 that the Davis-Bacon Act was passed.

I have been a member of the Committee on Public Works for 10 years. During that period about $7 billion has been expended by the Federal Government on flood-control and river-and-harbor work. All of this work has been carried out under the Davis-Bacon provision of the law, and there has been no strife and no complaints from the Army engineers or from any Member of Congress that the Davis-Bacon provision created labor trouble or that it increased costs.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. HOLIFIELD].

Mr. HOLIFIELD. Mr. Chairman, I rise in opposition to the Dondero amendment and in support of the section which provides that the Davis-Bacon Act shall be in the bill.

In the time allotted to me I can answer only one argument that has been made. I believe the gentleman from Texas [Mr. ALGER] said that the Davis-Bacon Act was to substitute a Federal mandate for collective bargaining. I can answer that argument by saying that, in those areas where collective bargaining obtains, the prevailing wage rate has already been set by the collective-bargaining method and only then can it be recognized by the Federal Government. In those areas where the wages have not been set by collective bargaining, a perusal of the wage records paid for that type of work is the criterion the Federal Government uses in determining the wage rate of the local area.

Therefore, the adoption of the Dondero amendment would guarantee that every area which had a lower rate of wage than the community involved would have a labor-use advantage, and the prevailing wage would not be paid in each particular locality. Cheap labor would be transported from a cheap-labor area into a higher labor-cost area. Thus each area would be at the mercy of a cheaper labor area.

(Mr. PRICE asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. PRICE. Mr. Chairman, in debating the issue of applying the Davis-Bacon principle to the construction of highways built largely or substantially with Federal funds, we are discussing a very simple issue. It is whether we shall allow the use of Federal funds in operations that, unless safeguarded, will depress the actual prevailing wages for highway projects area by area all over the country.

We are not discussing whether "local labor" shall be employed on the highway projects. We are not discussing whether farmers who want to get temporary jobs on such projects shall or shall not be employed. The only thing we are discussing is whether, if employed, they shall be paid substandard wages or adequate wages, equal to those already prevailing in their communities and areas. It is simply whether they shall be underpaid or paid decently.

The Davis-Bacon Act does not require the employment of union labor or nonunion labor. It does not say who shall or shall not be employed. It says that a contractor who wins a contract for certain Government-financed construction projects must pay the going prevailing wage in the area of construction, as determined after findings of fact.

The logic behind the law is clear and it is well-established. It has been deemed socially undesirable for Federal funds to be spent in operations that might tend to lower wages, depress purchasing power and undermine the established pattern of wages in local areas.

This same principle is embodied in the Walsh-Healey Act that governs Federal expenditures for the vast quantities of material the Government, through its many branches, buys from private industry. These laws have been on the statute books for many years and they are essential to the protection of the American standard of living. The impact of Federal expenditures is great. Without the safeguard of the prevailing-wage concept of the Davis-Bacon and Walsh-Healey Acts, a corner-cutting contractor could underbid all competi-

When a contractor wins a Fed. bid, he becomes a mnpenst.

tors and take the cost out of his workers' hides. And the effect would be to burrow under the wage standards carefully developed, out of experience and mutual agreement, in community after community as right and fair.

What would happen if we refuse to apply the Davis-Bacon principle to this highway-construction program? We would be giving a license to unscrupulous contractors to roam the country, bidding on project after project with the clear knowledge that they intended to underpay their workers, and win the bids. Then they would either import labor from other sections—labor allegedly willing to work for their substandard wages—or they would hire local labor and underpay these local workers, too.

What would happen if, as we should, we retain the Davis-Bacon principle in the bill? All contractors, whether or not they employ union workers, would still be free to bid. They could still hire local labor, still hire farmers who want to pick up some money by working on these projects we are proposing to finance with enormous outlays of Federal funds. They would be forbidden just on thing: They would be forbidden to undercut the prevailing construction wages in paying their workers. A contractor would be given fair notice that he has to pay prevailing wages, that he cannot cut corners in his bids by scheming to pay substandard wages, that he must invent his efficiencies and economies in some other field.

Let us face a simple fact: American prosperity depends very largely on widespread purchasing power. It depends on the take-home pay of millions and millions of people, who are eager consumers of the products of American industries and farms. Slash their pay, take away from them the prevailing wage scales they have won, and you deprive them of the power to buy food and fibers, refrigerators, washing machines and television sets. If we want to vote the country into a recession that becomes a depression, the way to do it is to pass laws that undermine wage scales.

It is morally, socially and economically desirable for the Federal Government to regulate its expenditures so that they will not have a depressing effect on wages. And we are involved now in a discussion of the expenditure of billions of dollars in Federal funds over a long period.

These expenditures should be regulated in such a way that they will not undermine area-by-area prevailing wages that already exist. And the way to do this is simply to apply the Davis-Bacon principle.

If the principle is right on other construction projects financed with Federal money, it is right on the construction of highways. If the Walsh-Healey provision of prevailing wages on Government purchases from private industry is right, it is right and correct for highway building. There is nothing special about highway construction that justifies us in saying to a contractor, "Oh, all right, go ahead and undercut your competitors in your bids, and we shall just close our eyes to the fact that you intend to do it by depriving your workers of an adequate wage."

A vote against the Davis-Bacon provision for highway construction is simply a vote to undermine existing wages, no matter how sincere a person may be in thinking that way. A vote to retain the Davis-Bason principle in this bill is a vote in favor of decent wages, as worked out voluntarily in areas, and it is a vote to say that Federal expenditures shall not be used to scuttle decent wages.

I hope very much that local labor and farmers shall benefit generously from the vast road-construction program we seek to authorize and finance. I hope workers and farmers in the district I have the honor to represent will obtain their fair share of the expanded employment this bill would provide. But I want them to be adequately paid for their toil. I want them to get what they are entitled to in wages, not to be victimized by cornercutting on contractors' bids. I very much hope that this House will not make the tragic mistake of striking out the Bacon-Davis protection of workers contained in the bill as it came from committee.

I urge the defeat of the Dondero amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. McGREGOR].

Mr. McGREGOR. Mr. Chairman, I yield to the distinguished gentleman from Michigan [Mr. DONDERO].

Mr. DONDERO. Mr. Chairman, in answer to what seems to be a point of confusion in the minds of many people, may I say that there is nothing in this amendment which takes away the rule of the prevailing wage. We all want the prevailing wage to be paid to labor. Nobody in this House on either side of the aisle desires otherwise. All we ask is that the States do it as they have in the past, and not the Federal Government. That is the only difference. You want one man to do it. I want the 48 States to do it. They have done it for the last 40 years on road construction, fairly and successfully.

Mr. BLATNIK. Mr. Chairman, will the gentleman yield?

Mr. DONDERO. I might say that I know my good friend has a water pollution bill before our committee with the Davis-Bacon law in it.

Mr. McGREGOR. I yield to the gentleman from Minnesota.

Mr. BLATNIK. The point was raised earlier that only 15 States of the 48 today have prevailing wage laws that apply to this kind of construction. How will wages be predetermined in the rest of the States? You are going to ask the Federal Government to turn over this tremendous responsibility to the States without knowing?

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. GRAY].

Mr. GRAY. Mr. Chairman, I stood in this well yesterday and gave a bouquet of roses to my distinguished friend, the ranking minority member on our committee, the gentleman from Michigan [Mr. DONDERO], for his distinguished service in this House. However, I feel today that he has offered an amendment that is not in the public interest. I ask all my colleagues to oppose it because if the Dondero amendment is adopted you are opening up the door, you are taking the chance of displacing laborers in your own congressional districts. If they do not have a good State prevailing wage, they can import Mexican wetbacks or anyone else they want to into your districts to build highways. I have 51,000 people in my district on relief. We need the work. We need southern Illinois people building roads in southern Illinois. We do not need somebody imported from somewhere else. How about letting s. Ill. people work elsewhere?

I ask you to vote down the Dondero amendment. Let us give a prevailing wage that will be equal throughout the United States.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. FISHER].

Mr. FISHER. Mr. Chairman, I would like to ask the gentleman from Michigan [Mr. DONDERO] for some further clarification of his amendment. There seems to be some misunderstanding. I have heard it said here that, if his amendment is adopted, it would result in starvation wages being paid. Somebody said that they would be paying $2 a day to build highways. Could the gentleman reiterate just what his amendment does with respect to prevailing wages?

Mr. DONDERO. Yes, sir; it leaves to the States the fixing of prevailing wages. And anybody who says that if the amendment is adopted the States will allow the payment of low wages, is certainly indicting every State in the Union and every labor organization of his State, that is, the labor departments and also the highway departments. I have never heard that claim made as to the 48 States, and it will not be made now.

Mr. FISHER. In other words, the gentleman feels that the States are in a better position to determine the prevailing wage for their own people in their own States where the labor is recruited than would be possible through Washington.

Mr. DONDERO. That is exactly so.

Mr. FISHER. I thank the gentleman.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN of Michigan. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. The gentleman from Michigan [Mr. DINGELL] has already obtained that permission for the gentleman.

Mr. HOFFMAN of Michigan. I understood the gentleman from Michigan to say all those who so requested.

The CHAIRMAN. The gentleman is now making the request and the Chair assumes that the permission granted would cover the gentleman's request as well.

Mr. HOFFMAN of Michigan. Then I get both?

The CHAIRMAN. Yes. Without objection, it is so ordered. There was no objection.

Mr. ALGER. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN of Michigan. I yield.

Mr. ALGER. Mr. Chairman, I have heard a lot of talk——

Mr. LONG. Mr. Chairman, I object.

Mr. HOFFMAN of Michigan. You cannot do that.

Mr. ALGER. Mr. Chairman, I have heard a lot of talk reflecting the wisdom of the Members of this House. I am not going to name any. I have no bouquet to present to this House, as was presented yesterday. But, I do present the galley proofs of the hearings which I have read three times in addition to not having missed a hearing. These contain the facts substantiating our legislative efforts. Here are the hearings and yet I am hearing arguments today different from what was actually presented before our committee. How about the alleged "unscrupulous contractors"—there was not one case substantiated in our committee. It is all here in the record. How about some of the other cases relative to jurisdictional disputes? I say again read page 370 through 380 which includes the court records which I think may be illuminating, which may give some illuminating information. How about the New Hampshire unscrupulous contractor? It turned out that the accused contractor was never in the State at all. Then there was the Massachusetts case of 300 workers who were imported. It turned out later there was no case at all. On page 318, and on page 365. Now about the misrepresentation. Maybe labor has a good case and I will go with them if they have. I am a newcomer. I listened to the facts in my committee and I hear distortions and I hear outright lies as far as I can determine. I merely feel myself that the kind of organization behind intentional misstatements to this great body, this national forum, must have an ax to grind that they have not told us about. Necessarily I must believe the facts. Further than that, how about the local economies? There will be a great disrupting influence by the imposing of Federal wage fixing alongside the existing State law. Obviously the two cannot exist together. Therefore the proponents of Davis-Bacon Federal wage control will extend their influence to all roads. In this and in other measures we do not confront the problem squarely but legislate obliquely away from what is right and fair.

The CHAIRMAN. The time of the gentleman has expired.

The Chair recognizes the gentleman from Louisiana [Mr. LONG].

Mr. LONG. Mr. Chairman, I rise in opposition to the Dondero amendment.

Mr. ROOSEVELT. Mr. Chairman, will the gentleman yield?

Mr. LONG. I yield.

Mr. ROOSEVELT. I appreciate the gentleman yielding to me. I wanted to make sure it was understood that I rose previously in opposition to the amendment, but I did not get the time to say it. I do also want to point out something I think we should emphasize—and that is, this Dondero amendment would mean that each of the 48 States, except for the 15 that now have the machinery, would have to put up machinery in order to comply with the proposed amendment. Many of the States only have machinery which is confined to minimum wages.

Thus, instead of having a prevailing wage, they would have a minimum wage. I am sure the gentleman does not want that, and I am sure this House does not want that. Therefore I think it strikes a deadly blow to the amendment offered by the gentleman from Michigan [Mr. DONDERO]. There is a real moral question here. This proposed amendment would destroy all the great gains made under the Bacon-Davis Act. We must continue to protect the employment and purchasing power of all craftsmen without distinction. We must protect local citizens and local communities. We must protect the overwhelming majority of honest contractors. Finally, we must discourage industrial disputes and encourage sound collective bargaining. All this the Bacon-Davis Act, with a quarter of a century of experience proves it does. Defeat of this proposed amendment keeps us from turning the clock back to some of the worst of the worst evils of the 1920's.

The CHAIRMAN. The time of the gentleman from Louisiana [Mr. LONG] has expired.

The Chair recognizes the gentleman from Michigan [Mr. MACHROWICZ].

Mr. MACHROWICZ. Mr. Chairman, last year when I was still a member of the Public Works Committee it was my pleasure to introduce the Davis-Bacon amendment that is now being considered. I agree wholeheartily with what our majority leader has said. I have a high respect for my colleague, the gentleman from Michigan [Mr. DONDERO], who has a very honorable record in this House. Less than a year ago he supported the very Davis-Bacon amendment which he is now opposing.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. MACHROWICZ. I yield.

Mr. DONDERO. I think the gentleman is mistaken. I rose on the floor and simply said I had no objection.

Mr. MACHROWICZ. That is correct. And in the committee the gentleman voted for it, and in the bill which he introduced he included the Davis-Bacon amendment.

Of course he is not here to oppose any prevailing wage legislation, but the effect of his amendment is to do that. All those who are opposing the prevailing wage to be paid are also supporting the Dondero amendment. It is very evident that this amendment would kill the Davis-Bacon amendment. I note also that some brickbats have been thrown at the building contractors' profession. I am happy to say that I have many letters from honorable contractors in my area supporting the Davis-Bacon amendment.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. MACHROWICZ] has expired.

The Chair recognizes the gentleman from California [Mr. MCDONOUGH].

(Mr. MCDONOUGH asked and was granted permission to revise and extend his remarks.)

Mr. MCDONOUGH. Mr. Chairman, I am opposed to the Dondero amendment and rise in favor of retaining the provisions of the Davis-Bacon Act in the highway bill we are now considering.

The vast scope of this highway bill which will extend to all parts of the Nation, and the large sums of Federal funds which will be expended will require that the Secretary of Labor must act as the administrator and enforcing officer of the Federal Government to see that fair and prevailing wages are paid to the workers and thus remove the confusion that would otherwise prevail if it were left to the States as proposed by the gentleman from Michigan [Mr. DONDERO].

I have always favored fair and adequate wages for employees and I believe that the only certain way that this can be done under this bill will be to retain the provisions of the Davis-Bacon Act.

This act was authorized by two outstanding Republicans and passed by a Republican Congress, and whenever it has been applied where Federal funds have been used in construction work it has been a great help to the workers and has removed chiseling by unscrupulous contractors and reduced confusion to a minimum. For this reason I am opposing the Dondero amendment and supporting the Davis-Bacon Act provisions in this bill. I urge the Members of the House to do likewise.

The CHAIRMAN. The gentleman from Michigan [Mr. KNOX] is recognized.

(Mr. KNOX asked and was granted permission to extend his remarks at this point in the RECORD.)

Mr. KNOX. Mr. Chairman, on February 23 I introduced H. R. 9498, which would, in effect, increase the total mileage of the Interstate Highway System to 42,300 miles, which would be an increase of 2,300 miles beginning at some point on the existing highway system in the eastern portion of the northern peninsula of Michigan and extending across that peninsula running in a general westerly direction through Wisconsin, Minnesota, North Dakota, Montana, and Idaho and ending in Everett, Wash.

Since I introduced my bill I have been joined by Congressman JOHN BENNETT, of Michigan; ALVIN O'KONSKI, of Wisconsin; Mrs. COYA KNUTSON, of Minnesota; and LEE METCALF, of Montana, as well as all of the Senators in the States along this proposed route.

This proposed route would run parallel with the northern border of the United States and have a direct connection with the Alcan Highway. This entire area along the northern perimeter of the United States was not included in the designation of the Interstate Highway System.

In recent years there has been a tremendous growth of industries—lumber, minerals, oil, and nuclear in the States along this route.

In justification of this authorization to increase the Interstate Highway System by 2,300 miles is a 4-lane highway bridge under construction across the Straits of Mackinac connecting the 2 great peninsulas of the State of Michigan. The only highway designated under the Interstate Highway System in northern Michigan is from this bridge across the Straits of Mackinac to Sault Ste. Marie, Mich., where such highway terminates at the international border.