What Caused the Railroad Strike

We have received the following letter from Alfred Baker Lewis of the American Federation of Tradesmen. We think the content of the letter speaks for itself. The letter was written to the Editor of the Industrial Union News.

"Dear Sir: We have been informed by the president of the American Federation of Tradesmen that the strike is due to the following causes:

1. The railroad companies are not paying their men the wages they are entitled to.

2. The railroad companies are not providing adequate facilities for the workers.

3. The railroad companies are not providing sufficient food for the workers.

4. The railroad companies are not providing adequate housing for the workers.

5. The railroad companies are not providing adequate medical care for the workers.

We urge the railroad companies to address these issues immediately in order to prevent a strike."

An Example of G.E.'s Patriotism

Issued on February 13, 1911, by General Electric, the following statement was issued to employees:

"The American Federation of Labor has called a strike against the General Electric Company. We, as members of this company, feel it our duty to support the American Federation of Labor in its efforts to improve the conditions of labor."

Riding High

They Won't Fit

Matlès and Tice Aquitted

James J. Mullen, director of Organizing, was re-elected last Thursday by the United States Congress. He was re-elected by a margin of 202 to 187. This is the first time in his career that he has been re-elected by a margin of 202 to 187.

U.I.E. Cannot Negotiate Wages for Members

The U.I.E. is unable to negotiate wages for members because the company is not willing to lower its wages for members. The company has refused to negotiate wages for members, and the U.I.E. has no choice but to accept the company's offer.

Labor Still Off Freeze Board

The demand made by U.S. members on the Pacific Railroad Company to win a wage raise of 10 cents an hour was rejected by the Freeze Board. The company has refused to negotiate wages for members, and the U.I.E. has no choice but to accept the company's offer.
Taxes and Living Standards

The Bureau of Labor Statistics estimates a worker with two children聘任s an average of $65.00 per week to provide a middle-class lifestyle. This includes housing, food, clothing, transportation, medical care, and other goods and services needed to maintain health. The $65.00 does not cover Federal or State income taxes, social security and other taxes, or any other necessary item.

The average working class worker in December 1965 was $60.00 per week, approximately $3,000.00 per year. Out of this, taxes are approximately $600.00.

Social Security Federal
Tax Payroll Total
Married... 480.00 480.00 960.00
Married... 280.00 280.00 560.00
Married... 180.00 180.00 360.00
Married... 120.00 120.00 240.00
Married... 90.00 90.00 180.00
Married... 60.00 60.00 120.00

The following table shows the average income of a family of four in the United States in 1965:

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Number of Families</th>
<th>Percentage of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $4,000</td>
<td>1,470,000</td>
<td>16.7%</td>
</tr>
<tr>
<td>$4,000 to $6,000</td>
<td>1,470,000</td>
<td>16.7%</td>
</tr>
<tr>
<td>$6,000 to $8,000</td>
<td>1,470,000</td>
<td>16.7%</td>
</tr>
<tr>
<td>$8,000 to $10,000</td>
<td>1,470,000</td>
<td>16.7%</td>
</tr>
<tr>
<td>$10,000 and Over</td>
<td>1,470,000</td>
<td>16.7%</td>
</tr>
</tbody>
</table>

The following chart shows the distribution of income by family size:

<table>
<thead>
<tr>
<th>Family Size</th>
<th>Number of Families</th>
<th>Percentage of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Adults</td>
<td>1,470,000</td>
<td>16.7%</td>
</tr>
<tr>
<td>2 Adults</td>
<td>1,470,000</td>
<td>16.7%</td>
</tr>
<tr>
<td>3 Adults</td>
<td>1,470,000</td>
<td>16.7%</td>
</tr>
<tr>
<td>4 Adults</td>
<td>1,470,000</td>
<td>16.7%</td>
</tr>
<tr>
<td>5 Adults</td>
<td>1,470,000</td>
<td>16.7%</td>
</tr>
<tr>
<td>6 Adults</td>
<td>1,470,000</td>
<td>16.7%</td>
</tr>
<tr>
<td>7 Adults</td>
<td>1,470,000</td>
<td>16.7%</td>
</tr>
<tr>
<td>8 Adults</td>
<td>1,470,000</td>
<td>16.7%</td>
</tr>
</tbody>
</table>

The following graph shows the distribution of income by age:

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Number of Families</th>
<th>Percentage of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 25</td>
<td>1,470,000</td>
<td>16.7%</td>
</tr>
<tr>
<td>25 to 34</td>
<td>1,470,000</td>
<td>16.7%</td>
</tr>
<tr>
<td>35 to 44</td>
<td>1,470,000</td>
<td>16.7%</td>
</tr>
<tr>
<td>45 to 54</td>
<td>1,470,000</td>
<td>16.7%</td>
</tr>
<tr>
<td>55 to 64</td>
<td>1,470,000</td>
<td>16.7%</td>
</tr>
<tr>
<td>65 and Over</td>
<td>1,470,000</td>
<td>16.7%</td>
</tr>
</tbody>
</table>

The following table shows the distribution of income by education:

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Number of Families</th>
<th>Percentage of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>High School</td>
<td>1,470,000</td>
<td>16.7%</td>
</tr>
<tr>
<td>College</td>
<td>1,470,000</td>
<td>16.7%</td>
</tr>
<tr>
<td>Graduate School</td>
<td>1,470,000</td>
<td>16.7%</td>
</tr>
</tbody>
</table>

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

Wage negotiations are again up for grabs, this time between the Industrial Union of Electrical Workers and the General Electric Company. The I.U.E. has threatened a strike if it cannot reach agreement with the company on wages and working conditions.

Community Service Fund O.K.d

As the March redundancy deadline approaches, the United Mine Workers are appealing to employers to contribute to their Community Service Fund in order to help the miners during this critical period.

Legislative Sub-Committee Takes Action

Upon approval of the March cessation, the sub-committee on U.S. Local 91's Legislation Committee voted to withdraw its controversial resolution providing for the establishment of a U.S. Local 91 sub-committee to handle all issues pertaining to the resolution that would otherwise be handled by the general membership of U.S. Local 91. Former Secretary-Treasurer Bill would be appointed to the sub-committee.

1. Before the number of workers who retired or were laid off in March
2. It would establish a sub-committee to handle all issues pertaining to the resolution.
3. The sub-committee would have the authority to determine whether a worker would be eligible for insurance.

Stop to Find Work

Last Tuesday a foreman in Big B notified a miner that he was laid off from the job because the ore had not been removed from the mine. This took place several days before. The foreman offered to give the miner his earnings, but the miner refused to accept them. The foreman refused to do this and asked the miner to take a mine and go home.

The stoppage was called in and the miner was laid off from the job. He was not paid for any time worked, but the miner refused to accept the earnings. The miner refused to do this and asked the miner to take a mine and go home. The stoppage was called in and the miner was laid off from the job.

More Blood Donors Needed

The United Mine Workers is continuing its efforts to encourage miners to donate blood. Many of our members are in need of blood, and we need your help.

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

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

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

BLS officials such as Neisser and Carey, by adopting clauses tying wages to the cost of living, agreed to prevent their membership’s standard of living. BLS officials on the Wage Stabilization Board then agreed on December 29, 1940 that the people’s purchasing power was too great and had to be limited, thereby extending the freeze to the living standards of all workers. The labor officials walked out of the Wage Board, not because they opposed a wage freeze, but because of a disagreement over the wage-frozen formula. Those labor officials who have voluntarily frozen wages in their own contracts are anxious to have all other workers’ wages frozen on the same basis by tying their wages to the cost of living.

Cost of Living Clauses Hold Down Workers’ Standard of Living

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

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

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

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

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

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

Wages Tied to Cost of Living Clauses Mean a Declining Living Standard for Workers Because the BLS Consumers’ Price Index Does Not Accurately Measure the Increased Cost of Living

During World War II, the AFL and the CIO, including the UMW, cooperated in a study which showed that, while living costs had actually increased by 45% between January 1941 and March 1944, the BLS Consumer Price Index showed an increase of only 28%. In other words, a cost of living escalator clause would have given workers with a $1 an hour wage an increase of 28.6% an hour, while in order to keep up with prices they would need to have a 45% increase.

At the present time the BLS Consumers’ Price Index understimates the actual increase in the cost of living to an even greater extent. Is it that the BLS understimates prices so greatly?

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

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

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

3. The BLS does not include Federal taxes in its index. Since 1932 these taxes have increased by 8,000 a year for the average worker, and the proposed Administration tax program will increase taxes to an even greater extent.

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

5. The U.S. is now in the process of working up its own estimates of increase in workers’ cost of living. We have found extreme shortages in its estimates, even when compared to other government studies. For example, the BLS states that rents have increased by only 16% between April 1940 and April 1946; the U.S. Bureau of Census figures reveal an increase of 45% in average rents.

The CIO officials who first accepted the escalator clause in General Motors in 1946 have themselves criticized the GM escalator clause under pressure from the membership.
During the two-year period from June 1948 to August 1950, under this escalator clause, GM workers received a wage out of two cents an hour from the highest corporation in the world. During that period of time increases of 5c an hour cancelled out increases of 5c an hour based on the cost of living. During that period of time General Motors made profits of $6.4 billion, equal to $1.19 for every hour worked by its employees (see table attached).

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

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

On March 6, 1950, when GM workers lost 3c, Johnstone, head of the UAW-GM chair, stated:

"We deeply regret that the General Motors Corporation has taken advantage of the gap in the Bureau of Labor Statistics cost of living index and reduced the wages of its workers by two cents per hour. We contend that the profit position of General Motors makes such a reduction morally indefensible. When the contract was signed, it was nearly anticipated that GM would set a world record of more than 4000 million profits after taxes."

(United Automobile Workers, March 1950)

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

In September 1950, the UAW agreed to a cost of living escalator clause with General Electric based on the change in the BLS price index between Sept. 1, 1950 and March 1, 1951. So far, the latest BLS figures for January 15 call for a 6c an hour wage increase. But no matter what the final BLS price index for March 15 will yield in wage increases, workers in GM plants headed by UAW company union leaders will actually suffer a fall in their standard of living.

1. On Oct. 1, 1950, a Federal tax increase cut workers' wages by up to 6c an hour. The BLS price index does not measure the effect of increased Federal taxes.

2. The BLS price index, since it does not measure such things as disappearance of low-priced articles from the shelves and quality deterioration, will underestimate the rise in the cost of living by an additional 5c or 4c an hour.

3. The productivity of GM workers has been so great that GM's profit share from each worker has increased from $1,136 a year in 1942 to $8,015 a year in 1952.

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### Comparison of

| Wages under General Motors Cost-of-Living Escalator Clause and Company Profits |
|---|---|---|---|
| **Quarterly Adjustment Dates** | **Cost of Living** | **Quarterly Adjustments** | **GM Profits** |
| May 31 to Sept. 1, 1948 | $3 increase | $619,182,280 |
| Sept. 1 to Dec. 1, 1948 | None | $1,135,000,068 |
| Dec. 1, 1948 to Mar. 1, 1949 | - 2c cut | $235,228,328 |
| Mar. 1 to June 1, 1949 | - 4c cut | $208,021,905 |
| June 1 to Sept. 1, 1949 | None | $344,606,308 |
| Sept. 1 to Dec. 1, 1949 | None | $256,015,562 |
| Dec. 1, 1949 to Mar. 1, 1950 | - 2c cut | $361,250,768 |
| Mar. 1 to June 1, 1950 | None | $493,316,615 |

**Total - 2-year period**

- 2c cut

$4,569,734,409

**Profits per Worker for 2 years $5,159**

**Profits per Worker per Hour** $1.19
The living standards of the American people including General Electric workers are being undermined by soaring prices, increased productivity and speed-up, and unfair taxes. These higher prices, increased productivity and taxes which pay for enormous war contracts, have resulted in extortionate profits for big business corporations.

**General Electric Workers' Wages Compared to Company's Profits**

Between January 1945 and January 1951 weekly wages of General Electric workers increased 33 percent. During that same period of time, consumers' prices have increased by 43.8 percent even according to the Bureau of Labor Statistics' figures which grossly underestimate the increase in cost of living.

As a result:

1. The weekly purchasing power of General Electric workers is an estimated $8.15 a week less than it was at the peak of World War II.
2. In 1950 General Electric's profits after taxes amounted to $173,400,000 - an increase of 109 percent over profits in 1945, the peak of World War II.

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

Between 1945 and 1950, the output of the average General Electric worker increased by 44 percent. This increased output plus the increased cost of living should have increased the average worker's wages by $24.69 a week. ($86 a month)

Instead the company claimed the value of the increased output in the greater profits it extracted from each worker. At the end of 1950 it was taking $20,015 in profits a year from each worker.

Even with a 32 cents an hour wage increase for all employees, its profits per worker would still be at the annual rate of $1,646, far greater than in any other year.

**Wages of General Electric Workers Below Minimum Budget**

Workers of the wealthiest electrical corporation in the world still do not possess a minimum adequate standard of living. The average annual wage of a General Electric worker is $5,950 a year.

Based on Bureau of Labor Statistics' figures, a family of four needs $3,858 a year for a minimum standard of living...

And based on the figures of the authoritative Millar Committee of University of California, a family of four requires $4,426 a year for a more adequate American standard of living.

The $32 an hour would merely bring the average hourly worker back to within a few percent of the Millar Committee American Standard of Living.

At the rate of GE profits at the close of 1950, the Company could grant each of its employees a $25 an hour wage increase, and its profits after taxes in 1951 would still be $20,000,000 greater than its profits in 1950, its previous record year.

**What Process, Company's Dividends, Executives' Pay and Prices Go Up**

**Dividends**

In February 1951 after the wage freeze, General Electric voted a 25% increase in dividends in February 1951, mainly benefitting the top three percent of the Company's stockholders who hold 65 percent of the stock. Since 1946, dividend payments have increased 153 percent.

**Executives' Pay**

The company is not treating its payment of bonuses to executives. The company plans to distribute $10,000,000 to its top executives in 1951 under its "extra compensation plan," an increase of 16 percent over the distribution in 1950 to its 2,400 top executives. Charles E. Wilson, formerly President of the Company, received $200,000 in "extra compensation" in addition to salary and fees. His share of this "extra compensation" from the 1950 profits will approximate $225,000.

**Prices**

Wages and prices are frozen. Defense Mobilizer Wilson and Price Administrator DiSalvo have exempted all items purchased by the military departments from price control until April 1, 1951. Thereafter the exemption will continue to apply to all heavy weapons and equipment, electronic and communication devices and developmental contracts. This regulation coupled with use of negotiated (non-competitive) bids for 90 percent of present military contracts, spells unlimited profit opportunities for companies like General Electric. According to Stabilizer Johnson states that companies' higher prices charged the Government have already eaten up the $4 billion dollars tax increase of last fall obtained largely from the pay envelopes of wage earners.

**Workers' Strike versus GE Company's Revenue**

According to the U.S. Federal Reserve Board, the average skilled and semi-skilled worker in 1933 had savings of only $130 in bank accounts, postal savings and government bonds; the unskilled worker had no savings.

The average GE worker who buys a house, is lucky if he can repay the
The General Electric Company, on the other hand, has undistributed profits amounting to $556,000,000 even after the payment of dividends of over 1.4 billion dollars. These undistributed profits amount to $4.95 per worker. In other words, the General Electric Company’s undistributed profits is 17 times greater than the personal liquid savings of all its workers.

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

Company Sets Up Plants in Low Wage Area to Increase Profit

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

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

The Company has been able to build these plants with its enormous profits made at the expense of the consumer through price gouging, at the expense of its workers through speed-up and at the expense of the American taxpayer through tax concessions and cheap last purchases from the Government. The Company bought 81 plants from the Government at 60 percent of cost during a period of inflation. Now the Company expects to intensify its profiteering at the expense of workers in these new plants.

Women Exploitation vs. Company’s Profit

In 1948, a Labor Board found that exploitation of women existed in General Electric. The Board found “substantial differentials between rates for women’s and men’s jobs which cannot be justified on the basis of comparative job content.” The Board recommended a 4% general wage increase for women with certain exceptions plus a fund of $3 an hour, as a “step” in elimination of differentials.

To this day the Company has refused to go along with these minimum recommendations, making only minor adjustments in jobs worked on by women. In some plants the lowest women’s rate is as high as 85¢ an hour below common labor.

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