utility reporter

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Shown above are some of the participants in the Tracy Unit's Annual Pig Feed. See page seven for more photos.

Pension Reform Law signed by the President

Seven years after the first pension reform bill was introduced Congress passed a pension reform law. The new law is called the Employee Retirement Income Security Act of 1974. The President signed it into law on Labor Day.

The purpose of the Act is to insure that employees who are covered by private pension plans receive benefits from those plans.

The law sets up minimum standards which all private pension plans must meet, and will be administered jointly by the Labor Department and the Treasury Department.

Some of the provisions of the law are as follows:

1. Employee rights — Plan administrators will be required to furnish each participant a summary of the plan and certain financial data. Upon written request, a plan administrator is to furnish more detailed information relative to instruments under which the plan is operated, benefits accrued, and the non-forfeitable pension benefit rights.
2. Participation and vesting — The minimum standards provides that employees in covered groups are eligible after age 25 and one year of service (or three years if immediate vesting). Credit given for three years of past service upon attainment of age 25. The law provides a choice of three minimum vesting schedules: a. Full vesting after ten years of credited service. b. Graded vesting between five and fifteen years service. c. Vesting under a "rule of 45" which means that the employee begins to vest when his age and years of service equal 45, provided he has had five years of service.
3. Joint and Survivor Annuities — Where a retirement plan provides that a participant may take his benefits in the form of an annuity, as most do, it also must provide for a joint and survivor annuity, provided the participant has been married for one year prior to death and does not elect in writing to give up the survivor annuity.
4. Plan Termination Insurance — The law sets up a Pension Benefit Guaranty Corporation which will guarantee the payment of all nonforfeitable benefits in case of plan terminations.

The law also covers funding standards and fiduciary responsibilities.

The effective date of the Act varies with the provisions of the Act. The effective dates of some of the provisions are:

a. Reporting and disclosure—January 1, 1975 (Generally)
b. Participation, Vesting and Funding—Plan years beginning after December 31, 1975 (Generally)
c. Administration and Enforcement—January 1, 1975 (Generally)
d. Fiduciary Responsibility—January 1, 1975 (Generally)
e. Plan Termination Insurance—Date of enactment (Generally)

C.P.I. Hits 150.2

The Consumer Price Index rose 1.3 percent in August to 150.2 (1967=100). The rise was due to higher prices for a wide range of consumer goods and services, notably meats, apparel commodities, mortgage interest rates, and medical care services.

The agreement with Pacific Gas and Electric Company on a wage increase for 1975 provides that if the Consumer Price Index reaches 149.0 the Union may open the agreement for bargaining.

YOUR *Business Manager's* COLUMN

THE ECONOMY

L. L. MITCHELL

All of us are aware that our economy is in a sad state. We hear every day of runaway inflation that goes on unabated. None of us need to be reminded of this for it is apparent each time we go to the market place for any purchase you care to name.

Unemployment, now beyond acceptable levels, is rising even though the experts say this will pass. This becomes a bit hard to believe as we read the news on the cut backs of planned construction in the utility industry, to name only one. Housing starts are getting lower and lower and this not only affects the construction worker but those working in areas which supply the pipe, the lumber, the wire, etc. which go into the home. Fewer homes bid up the prices of those available and fewer homes affect appliance sales; all this appears to me to provide a snowballing of the unemployment problem.

High interest rates are stated by the utility industry as a prime factor in their decisions to curtail construction programs. Shortages of certain key indispensable commodities such as steel, etc. is another problem in all construction.

These factors, all negative, have never occurred simultaneously in this Nation's history. Most economists have operated on the premise that normally in a high inflation period you would also have high employment, one acting as a counter to the other. This has been the experience in the past. So with this contrary situation, we certainly face a serious problem. We, in fact, face recession with runaway inflation as an economic enigma.

President Ford has called his summit conference to develop a consensus on the means of getting us back on the track. So far, no consensus has been developed. Yet some positive action must be taken now.

I'm sure all of us know that we are not going to get out of this mess with an overnight cure. However, it would appear that government policies tried over the past three or four years have

(Continued on page two)

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East Bay Stewards meet

Shown above from left to right are: Gary Abrahamson, Shop Steward, Larry Foss, Asst. Bus. Mgr., Veodis Stamps, Bus. Rep., Darrel Mitchell, Bus. Rep. and Mert Walters, Sr. Asst. Bus. Mgr. as they participated in the East Bay Shop Stewards meeting.

This photo shows wome of the stewards being brought up to date on the new grievance procedure.

More of the East Bay Stewards are shown in this photo.

Sr. Asst. Bus. Mgr. Mert Walters is shown explaining a recent change in the agreement.

Dave Reese, Bus. Rep. in charge of safety and apprentice training is shown discussing safety with the stewards.

Illegal wage chiseling

WASHINGTON — Employers illegally underpaid some 357,000 workers by $96.6 million in back wages and overtime during the fiscal year that ended on June 30, the Labor Dept. reported.

The total underpayment was about $12 million higher than the figure for the 1973 fiscal year, although the number of underpaid workers was slightly smaller. In 1973, some 365,000 workers were underpaid by $86.4 million.

The pay chiseling was disclosed by the Wage & Hour Division of the Labor Dept's Employment Standards Administration whose compliance offers check employers for their adherence to a number of federal statutes governing wages.

Of the $96.6 million held back from the defrauded workers, only $49,926,000 was reimbursed to about two-thirds of them. Last year, $40,125,000 was restored to two of every three workers found to be underpaid.

"The major reason for the difference between the total money found due to employes and the amount actually paid is employers' refusals to pay back wages in cases unsuitable for litigation by the Labor Dept.," the Wage & Hour Division noted in a release accompanying the figures.

Another reason for the difference is the statute of limitations which generally limits recovery of back wages to a two-year period prior to the Labor Dept's filing of a complaint against an employer.

Wage and hour compliance is enforced under the following laws: the Fair Labor Standards Act, which sets minimum wage and overtime and child-labor standards; the Equal Pay Act, which provides for equal pay among men and women doing substantially the same work; the Age Discrimination in Employment Act, which protects workers between 40 and 65 from job discrimination because of their age; the federal wage garnishment law, which limits the amount which can be garnished from an employe's paycheck to 25 per cent of his earnings after social security and income tax deductions, the Farm Labor Contractor Registration Act and a number of acts protecting employes who work on federally funded contracts. Two million, six hundred and twenty three thousand, three hundred and eighty-three.

Underpayments for overtime worked made up nearly half of the wages withheld in fiscal year 1974. Under the Fair Labor Standards Act, $46,304,358 in overtime pay was held back from 207,000 workers. The figures compare to underpayments of $41,891,011 to 199,693 workers under the FLSA in 1973.

Violations of the Equal Pay Act accounted for $20.6 million in underpayments to 32,000 workers. The totals do not include the recent $7 million equal-pay settlement with the American Telephone & Telegraph.

Violations of the minimum wage provisions of the Fair Labor Standards Act accounted for $18,251,000, and involved 119,000 workers. Underpayments of $4,234,000 were found under government contracts.

Valley Labor Citizen

the utility reporter

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YOUR *Business Manager's* COLUMN

THE ECONOMY

L. L. MITCHELL

(Continued from page one)

proven to be no answers and have added to the problem, so the problem does not lie in continuing this course of action. High interest rates have only added to inflation, and it would seem that the Federal Reserve Board could reverse this trend without any need for prolonged debate over new legislation. Many eminent economists urge this. Instead, Chairman Arthur Burns testified before the Joint Economic Committee that he personally favored letting the rates go up as high as 20% if need be. This may be the ticket for Mr. Burns who no doubt is not faced with a problem of borrowing money or buying on credit, but it certainly is no answer for the worker who has to use credit for major capital purchases. It doesn't seem to be an answer for most businesses either.

Mr. Simon, Secretary of Treasury, wants to tax gasoline to the tune of 10¢ per gallon as a rationing device to regulate the shortages. He advocates a price of 75¢ per gallon to dampen our ardor for driving. This may be fine for the oil companies, and I would suppose Mr. Simon could buy all he needed at that price. What solution do those who have no way to get to their jobs but by auto use to meet this cost problem? Where does a working person's budget absorb 75c a gallon gasoline? Reduce what? Food? Rent?

What I'm saying, is that despite the show being put on by the administration with summit conferences, etc. the same advisors who created the mess we're in with game plans and phases of whatever number are not going to do a turn about. Their heads are made up and unless Congress acts or President Ford makes some changes in the Cabinet and in the former Nixon planners who still remain as though no change had occurred, things will get worse instead of better.

Immediate attention must be given to the hard money policy, the unemployment level and tax reform if we hope to begin to unravel the ball of twine we've built. Certainly other areas of concern must be considered such as the national budget and our priorities of spending government funds.

The well being of workers, who with their families are the majority of citizens in this Nation, must be kept in mind as our new President forms whatever programs and policies he consideres are needed to stem a recession while slowing down inflation. We will watch closely and our well wishes go to him for success in this most serious endeavor.

October Buying Calendar: Anti-Freeze, fuel, food gouges

By Sidney Margolius Consumer Expert for Utility Reporter

buyers' bailiwick

You have three immediate problems for October: (1) to get anti-freeze for your car early enough to avoid price gouging; (2) to prepare against still higher fuel prices; (3) to adjust food shopping to defend yourself against a new wave of price hikes.

ANIT-FREEZE: Spectacular profiteering is building up as the result of a shortage. Some retailers report they are getting only part of last year's supplies and that prices have bounced from $2.50 to $3.50 a gallon last year to $4 to $6. One service station quoted as a price of $7. Prices in Canada as high as $19 a gallon are being rumored, and some dealers predict prices of as much as $10 in the U.S. later this winter. If you left in last year's anti-freeze, you are lucky. Just have it checked for strength, freedom from sediments, and adequate rust inhibitor.

Even anti-freeze solvent for your windshield washer fluid is getting scarce, although you don't need much.

While cutting gasoline prices a half a cent to a penny a gallon, now that the summer driving season is over, the oil companies are raising fuel oil prices again. Early buyers in some areas are finding deliveries cost 33 to 37 cents a gallon compared to the record-breaking 31 to 32 cents last winter, and the 19 to 20 cents that prevailed last fall before the big gouges started.

Thus, while there is no shortage, conserving oil is just as urgent to protect your own pocketbook. Weatherstripping yields quickest savings for least expenditure, but even storm windows and more insulation earn back their cost sooner. At least six inches of insulation in the attic is desirable.

Especially conserve hot water, second biggest fuel eater.

FOOD HIKES: As the government continues to flounder in dealing with inflation, you and your family now must cope with new hikes on many staple foods. You are going to have to be more knowledgeable than our government officials to deal with this problem. With many meat prices recently going up, and alternatives such as beans and rice already at record levels, consumers now face higher tags on canned goods, milk, bread and eggs, and other staples.

How are people coping? For one thing, they're cutting back on meat. You can see shoppers in the stores using a kind of finger control drawing invisible lines across packages to estimate how many portions they can get. Stores confirm that consumers recently have been using less meat. They are also buying more ground meat, and soy burger is being featured again.

Shoppers also are resisting impulse purchases such as luxury foods and candies. More seem to have shopping lists, or they go right to the items they want. They're also buying more private brands and larger sizes.

Retailers themselves are worried about the prices, *Supermarket News* reports. One said, "A consumer revolt is overdue." He can't understand why it hasn't already happened. Another doesn't expect organized boycotts but thinks shoppers will cut down on convenience foods.

—Low prices for poultry are a life saver. Turkeys are in heavy supply and are an even better buy than chicken. Roasters at a nickle more a pound in some stores, offer a better value than broilers.

—Most fish we checked cost more than last year. Look for inexpensive local varieties. In frozen fillets, cod has become expensive. Haddock is expensive, too. Perch fillets are better value, with tags even a little less than last year. Other relative values are frozen pollock, turbot, and whiting. Canned tuna is going down.

—Steaks and chops have gone up more than the equivalent roasts and loins. Chuck steak is the price leader in many stores, selling at about last year's tags, while chuck roast is up 15 cents. Similarly, round roasts cost less than round steak. In some stores pork loin roasts cost little more than half the price of some chuck. Bacon has jumped. Ham and calis (smoked shoulder) are a less costly alternative.

—Price tags on the new pack of some canned fruits and vegetables are bad news. California fruits are especially expensive, *Mideastern Cooperative* reports. Comparisons show apricots (30-oz. size) with typical tags of 68 cents compared to 49 a year ago. Peaches have jumped to 49 cents from 38 for a 29-oz. can. Pears are now 64 cents. The pears and apricots are poorest values. Pears yield least solid product. Sliced pineapple, which has gone up little, yields most fruit. Fruit cocktail, too, is relatively fully packed. Canned peas have gone up almost 50 per cent. Canned green beans and corn have not gone up as sharply. Dried beans have come down a little.

—Sugar has gone up again. A 5-lb. bag now is almost $2. Last year the tags were 73 to 86 cents. You will find much higher tags on sugar-using products: cakes, candies, sodas, etc. We found cola drinks now $1.40 for 8 16-oz. bottles. Last October they were $1. A 10-oz. jar of grape jelly that was 37 cents now costs 49.

Materials short, home-improvement prices soar

by Sidney Margolius Consumer Expert for Utility Reporter

The demand for home improvements is expanding as the high prices of houses and high mortgage rates encourage moderate-income families to repair and renovate present homes instead of moving.

But even as the need for home modernization grows, materials shortages and fantastic costs of even little items are pushing up prices relentlessly, says a leading consumer expert on home improvements. This is John Cheverny, manager of the consumer-controlled and union-manned Ferndale Cooperative in Michigan. Ferndale specializes in home improvement.

Cheverny believes that some of the materials "shortages" are actually contrived, just as earlier, artificial shortages were created by the corporate meat industry and the oil industry. Cheverny's experience is that the shortages of home improvement materials have been intensified by multi-national corporations who ship raw lumber from the West Coast to Japan. Corporate subsidiaries there process the raw lumber into panels and ship it back to the U.S. for sale here.

"Because of the large quantity of raw lumber expected, 'shortages' develop, and prices skyrocket," Cheverny told me in a recent interview. He charges that "jobs shipped abroad, and artificial shortages creating high prices, mean a lower standard of living and feed the fires of both inflation and depression."

Financing also has become a problem. Cheverny says the old FHA Title 1 home-improvement program had obsolete limits of $5,000 and five-year repayment. The limits have been raised to $10,000 with up to 12 years to repay. The interest rate also has been increased to 12% per annum instead of the former 9%.

But lenders may be reluctant even at 12%. Many banks and savings associations are developing their own modernization-loan plans with rates from 14 to 20% per annum. Second mortgages also are being increasingly used, Cheverny reports.

Even at these higher rates, lenders have become increasingly selective. A year ago Ferndale's rate of credit rejections by lenders was running about 23% Cheverny notes. Since April, Ferndale's rejections have jumped to 63%. He attributes the jump to tighter loan policies of lenders for homes in the inner city, and the rapidly deteriorating credit of consumers.

One interesting pheonomenon is that in the last two months about half of Ferndale's home-improvements contracts have been for cash. "Many homeowners apparently are concluding that their home is their best investment," Cheverny reports.

This, at least, is an encouraging development. So is the intelligence and confidence of more consumers in using their own money to finance home improvements instead of paying 12 to 20% per annum while their savings may earn only 5 to 8.

If commercial lenders won't give FHA Title 1 loans at 12%, but want more, more, more, then credit unions have become more useful than ever. Their rates are limited to 12% per annum. Some charge less. They often also are able to advise on safe-guards in signing contracts and sometimes even on comparative costs and the reputation of local contractors.

How can homeowners save on improvement jobs? "Finishing" is the greatest money saver, Cheverny advises. By that he means staining, painting, putting down molding, and tiling ceiling or floors. These items are expensive because of the time involved.

For example, shutters cost $45 unfinished. If stained, the cost jumps to $85. "If we do it, not only is it costly but the consumer, more often than not, is dissatisfied," Cheverny notes. Prefinished shutters and floor moldings are now used but are "very expensive."

While skilled craftsmen often suggest that consumers seeking to cut costs finish the smaller, less-skilled jobs, Ferndale discourages them from attempting large areas of skilled finish work. "Frankly, the husband never really gets around to doing it," Cheverny observes.

Maroney Fisher

could have won $50.00 if he had noticed his Union membership card number in the August issue of the Utility Reporter. This month's number is as well hidden as it was last month. Don't miss out, read your Utility Reporter.

LOOK FOR YOUR CARD NUMBER

HERE ARE THE ANSWERS TO UNFAIR

Editor's note: Printed below is an article which answers the recent attacks on the Social Security system. Many of our members who are getting close to retirement age are planning their retirement years and have become very concerned about the monies they counted on from Social Security. The article is long, but very informative and should put to rest any fears you have about Social Security.

Washington, D. C.—For the last 39 years this nation has been embarked upon the great program of providing protection for Americans against the loss of income resultant from retirement, death and disability. It is known as Social Security.

During that time there have been intermittent attacks mounted against Social Security—mostly from writers for popular newspapers and magazines who know nothing of the system or from so-called intellectuals who never have bothered to come down from their ivory towers to wrestle with the realities of such a massive program, the poverty and degradation that the absence of Social Security would create among more than 30 million current beneficiaries, and the vital social insurance protection provided to more than 80 million wage earners.

Since 1935 these attacks have come against the system as regularly as the cicada locusts which particularly infest the eastern U.S. And, like the locusts, these attacks create a tremendous amount of noise but, so far, have not done too much irreparable damage.

Once again in the last few weeks and months, citizens have been treated to the monotonous and mindless hum of these self-appointed destroyers of the system. The first point to be made is that these attacks are not a legitimate subject for real concern because the men and women of Congress who have ultimate authority for Social Security are too well versed in the system—both in its weaknesses and in its strengths—to be swayed by this incessant humming. The record of solid bipartisan support for the Social Security system is too overwhelming in Congress to be destroyed by such groundless attacks.

But, even though the attacks are both warrantless and oomed to failure, the cruel attempts to worry and upset the 30 million Social Security recipients warrant strong counterattack.

To help alleviate this fear and worry, *Senior Citizens News* is publishing a rebuttal to the various articles which basically charge that Social Security is:

bankrupt, or nearly bankrupt;

a form of taxation which is designed to unfairly burden the American worker; and

a poor alternative to a system of either forced or voluntary savings by workers either through their own private pension plans or through the purchase of some sort of government bonds or other investments.

We attempt here to answer each one of these charges with facts that are available to every citizen—including the newspaper writers and the pseudo-intellectuals so bent on destroying the system—in the public record.

However, before defending the Social Security system, it will be helpful to briefly outline what Social Security is and what it does.

What Social Security Does

Social Security is a very big propostion. It pays monthly benefits to over 30 million Americans. It also pays part of the hospital bills and part of the physician's bills for over 21 million people through the two-part Medicare program.

Social Security is a retirement program for persons under age 72 and an annuity program for persons age 72 and above. Social Security also provides monthly life insurance benefits when the breadwinner dies leaving a widow and young children. Social Security also provides a monthly disability insurance program and a health insurance program.

To pay for such a varied and massive set of programs, Social Security collects contributions from nearly every American worker and from every American company and corporation—the total contribution split on a virtual 50-50 basis. In addition, self-employed individuals contribute to the system, on a slightly different basis but with the same object in mind. These collections now total slightly more than $75 billion a year. As these funds are collected, the system—operating exactly as any insurance system, public or private—uses them first to pay current claims. Surplus of income over claims payments—now at some $52 billion—is then transferred to the four Social Security Trust Funds: 1) for old age and survivors insurance; 2) for disability insurance; 3) for hospital coverage; and 4) for supplementary medical (physician) coverage.

The money in these funds is held in the form of U.S. Treasury Bonds which are guaranteed secure in both principal and interest by the Federal Government. (Many prudent individuals and banks also buy Treasury Bonds.) These Bonds draw interest at the average Treasury Bond rate, currently about 5.4 per cent annually—though new purchases at around eight per cent will increase this average.

Now, although Social Security is seen by most as a system of providing benefits to older Americans, this is far from the whole story. Of the 30 million monthly Social Security beneficiaries, only 19 million, or 63 per cent, are age 65 or over. The remainder is paid to widows and minor children of workers or retirees, disabled workers, or the ill receiving Medicare coverage.

In fact, more money is paid under Social Security to college and technical school students than under all government scholarship programs combined, with over 700,000 children age 18-22 currently receiving survivors benefits for these purposes.

Clearly, these students will eventually, because of their higher earnings potential resulting from higher educational opportunities, contribute far more into the Social Security system—and to the general welfare of the nation—than was ever taken from the system.

Having described most briefly the Social Security system, we turn now to the charges raised against it. It is important to note in each case that the primary reason that most critics levy those previously listed charges against the system is to provide justification for subsequent plans either to completely eliminate Social Security benefits or to change the benefits rendering them unworkable.

The Security In Social Security

The first attack on Social Security, and the one which has caused the most concern and fear among those many writing to National Council headquarters, is the charge that Social Security is either now bankrupt or on the verge of bankruptcy.

The basis for leveling this incredibly false charge lies in the fact that there is "only" some $52 billion in reserves in the trust funds and this amount is held in Treasury Bonds.

The argument is advanced that the $52 billion is not really even in the trust funds but has been taken out and replaced by some sort of "I.O.U." These so-called "I.O.U.s" referred to are the U.S. Treasury Bonds which are purchased to increase the trust funds' financial strength.

To call these Bonds "I.O.U.s"—with the implied inference that they are unsecured—is a malicious twisting of fact and a libel against the very good name of this nation.

Anytime anyone lends money, he receives in return a promise from the recipient to repay the amount received plus a certain amount of interest. To argue that the Federal Treasury Bonds are "worthless I.O.U.s" is to argue that the Government of the United States is worthless.

The next time some writer or speaker attempts to make this point—of the "worthlessness" of Uncle Sam's word to pay—simply offer to purchase that individual's total holdings in U.S. Savings Bonds at fifty cents on the dollar. If the individual making these allegations is holding hundreds or even thousands of dollars in these bonds, it will still be an absurdly easy proposition to obtain a bank loan for the purchase of Savings Bonds at half their value. For every banker knows that the U.S. Savings Bonds, like U.S. Treasury Bonds, are the mose secure investment in the nation. They are guaranteed by the full force of the U.S. Treasury at the express order of Congress.

But don't get your hopes up. Those who attack the worth of Treasury Bonds know that their Savings Bond holdings are of good value and will not part with them for half their worth—they just hope that you don't know the truth.

Not Even A New Charge

Further, in case you believe this attack on the appropriateness of the Trust Funds holding Treasury Bonds is new, check the February 9, 1950 issue of *The Wall Street Journal*—the "bible" of world business. In that issue the editor printed an article titled "Bonds in the U.S. Pension Reserve: The Stale Fallacy That the Trust Fund Is a Fiction Still Crops Up Despite Authoritative Refutation."

This article makes the same point about the security of U.S. Federal Treasury Bonds. The *Journal* points out that to argue that Uncle Sam's word is not of any worth in the matter of Treasury Bonds, one must also conclude that Uncle Sam's promise to back U.S. Savings Bonds, Treasury notes and even U.S. currency is also worthless.

Thus we find the critics of Social Security telling the people of this country and the people of the world, in effect, "don't trust the word of the U.S. Government, for it is worthless." This irresponsibility transcends mere difference of opinion and brings into question the very patriotism of those attacking Social Security on this basis.

Also tied to this notion that Social Security is either bankrupt or about to become so is the claim that there is not sufficient money in the trust funds today to pay off all its possible obligations in the future.

Those who seek to cloud confidence in Social Security charge that to be really solvent the trust funds would need somewhere between $400 billion and $2.1 trillion in reserves. This is justified, according to Social Security opponents' logic, by the theory that if Social Security were a private insurance company this amount would be needed to insure that all benefits for an indefinite future could be paid to present enrollees, even if all contributions to the system were to stop immediately.

This is a patently fallacious assumption, since Social Security is a valid ongoing system with over 80 million contributors not now drawing benefits.

But, even if this were not so, the opponents' requirements that the Social Security trust funds be obligated to have the monies on hand now to pay off any future possible debts is unfair and defies logic.

If a young couple having an income of $12,000 a year and $5,000 in the bank, and with two small children, go to the local banker for a loan to purchase a house, do you believe that the banker is going to turn them down with the response, "Sorry, folks...but our private projections indicate that—what with your two small children, the cost of their education, health care and all—you will probably accumulate obligations over the next 30 years totalling more than a quarter of a million dollars and you simply do not have the money on hand right now to pay off those possible future obligations"?

Of course no banker would refuse a loan on those grounds. He would look not only at the debit side of their lifetime ledger but also at the credit side—the potential increased earning power and the proved record of amassing savings. This is precisely what the critics of Social Security fail to do.

But, contrary to these unfounded and unfair charges against the soundness of the Social Security trust funds, there is now—with a reserve of some $52 billion—sufficient money to pay all beneficiaries their full monthly benefits for at least nine months, even if all contributions to the system were to cease.

And what would it take to cut off all income into the system? It would take the closing of every shop, every company, every plant, restaurant, grocery, cleaner, and repair shop. It would take the closing of every place of employment in the country—private and government included—to cut off all contributions to the Social Security system.

Even at the worst of the 1929 crash, employment dipped by only 25 per cent. If this calamitous situation were to recur—with a resultant drop of about 25 per cent in contributions to the Social Security system—the trust

fund reserves would be sufficient to continue to pay all beneficiaries at full benefit level for four to five years and still not exhaust the reserves!

Indeed, if the same standards which some seek to apply to Social Security were applied to the Civil Service Retirement Fund, most local and State government retiremen funds, and most private pension plans—as well as the overwhelming majority of private insurance firms—all would be bankrupt, which they surely are not.

Not Just A Tax—It's A Benefit Too

The second charge leveled against the system—that Social Security is simply a form of taxation which is designed unfairly to burden the American worker—clearly fails to take into consideration the history of the decision that went into designing the vehicle for collecting Social Security contributions as well as the very real distinctions between this so-called form of taxation and any other form.

Further, those who attack the system on the basis of the method of contribution fail to look at the benefit side of the coin.

Those who decry the Social Security contribution system urge us to compare this form of mandatory contribution with the Federal income tax. However, the truth is—as much as opponents hate to admit it—that this is a tax in only the most technical and legal sense, and even then a unique tax in many respects.

No other tax that we pay in this country rewards the payer with cash reimbursements or in-kind services as does Social Security's FICA. When you pay tax on a gallon of gas, you are supposedly paying for new and better roads—but you don't expect the government to refund not only the tax in cash but interest accrued to the tax from sound investment.

Similiarly, when you pay your income tax each April 15, you can reasonably expect a strong, efficient, and (hopefully) honest national government. But you have no reason or right to expect to receive cash payments.

However, when each worker contributes to the FICA he does so with every reasonable expectation of reaping cash returns or in-kind services based on these contributions—and not only on the worker's contributions—but also on his employer's contributions in the worker's name—in the form of benefits from Social Security either to himself if he reaches retirement age or to his survivors if he fails to reach that age.

And this protection to the breadwinner's family in the event of untimely death is a very valuable commodity resulting from this "tax."

It's Not A Regressive "Tax"!

The charge that the Social Security "tax" is the "most regressive and cruel tax of all" simply is not true. First, if Social Security contributions were a tax—and a tax only—it would indeed be regressive but not nearly as regressive as the sales tax or the property tax, for instance. But, since these contributions are but a part of a contributory benefit system—in a sense, an insurance premium—it is not nearly as regressive as private insurance premiums.

For instance, if a worker earning $10,000 per year must pay a $1,000 per year premium on private life insurance, he is by definition paying one-tenth of his income for that premium. But another man, earning $100,000, who purchases the same policy for the same $1,000 yearly premium is only paying one per cent of his income to reap the benefit. That is regressiive.

The benefit-versus-contribution system of Social Security is a weighted system designed to provide a floor of protection for everyone but especially for those at the lower income levels, who are less likely to have been able to provide some other form of supplementary retirement income. As an example, an individual whose average monthly income over his working years was only $100 will receive at least 110 per cent of his working income back in benefits from Social Security—and if widow's and survivors' benefits are added this jumps to approximately 180 per cent.

On the other hand, an individual who earned sufficient monthly income on the average to pay the maximum in contributions to Social Security will receive a percentage return on his investment equal to only about half of his working "taxable" income. But this worker's cash benefits—which is what is important at bill-paying time and which Social Security opponents would have us forget—will be about five times the minimum amount paid to any beneficiary.

Social Security, after all, is not designed as a get-rich-quick scheme or a free lunch program but a guaranteed base of income provided as a matter of right upon demonstration of actual retirement or disability. All of which brings us to the third attack on Social Security.

Some writers have attempted to prove that everyone would be much better off if we just did away with Social Security and either gave the option or forced each wage earner to participate in a bond-buying or other sponsored investment program—coupled with participation in private pension programs—in order to provide for the financial rigors of retirement.

To prove their point they cite some cases where, had the individual only had the "taxes" paid to Social Security available and combined with other income for investment during working years, that person could have set aside more money than Social Security is now paying. However, in citing these cases, the authors either refuse to show or blithely ignore the special circumstances surrounding special cases—and indeed fail to stress that these are "freak" cases.

Ignored first are the lessons of history that led to enactment of the first Social Security law. And it has been said that those who refuse to learn the lessons of history are forced to relive it.

In the early 1920s—before the great "crash"—many Americans were living in unparalleled wealth. Surely many workers were mistreated and underpaid (a situation later alleviated by the rise of organized labor), but many other workers were earning fair to excellent incomes.

Yet it was found even in that affluent time that if a well-paid worker suddenly died or became disabled or was forced to retire on account of age or company policy, the worker's family often found itself destitute. The fact was that, for one reason or another, the worker and his family either could not or chose not to invest sufficient funds to insure a secure retirement.

Clearly, if there were no Social Security today, such a situation would be even more likely to occur, what with runaway inflation and high costs and even higher taxes. For instance, a retired worker and his wife who today receive a total of $480 a month in non-taxable Social Security benefits would have to receive at least $600 a month from whatever taxable investment system they had set up on their own to duplicate that $480 in spendable income.

To receive such an income, the most economical method would be to purchase an annuity. But the purchase price of an annuity yielding an average six per cent return on investment would have to be in excess of $65,000. How many working families could afford such an investment out of their incomes, even without deductions for Social Security?

But, of course, our mythical couple would have to purchase an annuity far in excess of this sum if they wished to insure that their income were not eaten away by inflation. Those retired Americans living on Social Security, however, do not have to worry about this particular problem, for, although current benefit levels are not as high as they ought to be, they are now protected from inflation by the use of the benefits escalator clause which raises benefits automatically when national inflation runs above three per cent. No private annuity plan has this safeguard.

Congress Acted To Safeguard The System

But this system which supposedly "inhibits individual savings" does not do so at all. Congress rightly set up the Social Security system as a base of income but actually encouraged workers to save for their retirement when it decided to ignore those incomes from investments made before retirement when determining if a worker is really retired.

As a matter of fact, to insure that Social Security remains a viable retirement program, Congress ordered established a series of special advisory councils to oversee the system and advise the President and Congress of its views to needed changes. Until the advent of the Nixon Administration these councils had not been comprised of ivory-tower thinkers and pseudo-intellectual journalists—or of people who have personal partisan political axes to grind. These councils had always been comprised solely of hard-headed businessmen, bankers, insurance executives, as well as representatives of workers and the general public.

Every single council, from the late 1930s through the 1960s, has reaffirmed the basic soundness of the premises of the Social Security law.

In fact, in 1953, after a series of attacks similar to those we see today, President Eisenhower undertook to institute a complete review of the Social Security system.

He established a blue-ribbon panel of some of the best business leaders of the nation. After months of study this panel recommended to the President that "The Social Security system is found to be both financially and philosophically sound."

The panel continued: "We find that the fundamental principle of a contributory, earnings-related benefit system is more consistent with a free enterprise, competitive, earnings-related economy as compared to any substitute uniform payment solely out of general revenues or dependent solely upon the varying abilities of individuals to amass private savings against retirement."

The Motives Of The Attackers

But the question remains, Why have we seen these old attacks renewed at this particular time? There are two reasons—one of short-term consequence and one of long-range importance.

First, in the short run, one must look to the current economic situation—runaway inflation—and see what former President Nixon was doing to combat it.

On July 25, President Nixon made a major economic speech in California in which he outlined the steps needed to stop this galloping inflation. Of course, his prime recommendation was that it was up to hard-pressed individuals and families to bear the burden of inflation fighting—that every family should have an anti-inflation lobby.

Other than that, the President proposed some legislative solutions to inflation. Chief among these, he urged that Congress grant him the authority to cut back on the spending of funds for so-called "mandated" programs. Mandated programs are those which are ongoing and do not require any yearly or regular Congressional authorization to have the funds spent. The biggest of these is Social Security.

The President is not now allowed to touch Social Security trust fund monies. It would take special permission from Congress to grant him that authority. But what if the public were convinced that the trust funds were in danger from overspending? Might not many Congressmen and Senators, bending under complaints and fearful letters from constituents, be willing to let the President manage the monies in the trust funds in whatever form he saw proper?

President Nixon's record of spending government monies for purposes other than those for which they were collected—or for simply refusing to allow properly appropriated monies to be spent—provides us with the spectre of seeing Social Security funds denied needy retired people or used for the conduct of illegal military operations.

But, even if President Nixon's record of handling Federal monies were exemplary, ought we allow any President ultimate control over monies entrusted to the government for safe-keeping to be given back to the people upon demonstration of actual retirement or disability? These are not, as has been demonstrated, general revenue tax monies but private funds held in trust for the American people by the government of the people.

An Attempt To Block Health Delivery Reform

That these troublesome, noisy, locust-like arguments against Social Security are coming to surface now also has to do with the temper of the country and the Congress to finally enact meaningful reform of our nation's health delivery system.

(Continued on page six)

1975 IBEW Founders' Scholarships

The International Brotherhood of Electrical Workers offers to its members a maximum of 12 Founders' Scholarships annually for university study leading to bachelor's degrees in specified fields. The number of scholarships awarded each year is determined by the number of qualified applicants. One scholarship is awarded for each 25 qualified applicants or major fraction thereof. They will be granted each year on a competitive basis to qualified candidates from all branches of the IBEW.

The IBEW Founders' Scholarships honor a small group of skilled and dedicated wiremen and linemen who, in November, 1891, organized the International Brotherhood of Electrical Workers.

The scholarships are each worth $2,500 per year for up to four years of undergraduate study leading to the attainment of a bachelor's degree. They may be used in any accredited college or university which offers a curriculum leading to a bachelor's degree in the following fields of study:

Engineering Courses

Aerospace
Chemical
Civil
Electrical
Engineering science
Industrial
Mechanical

Other Fields of Study

Accounting
Architecture
Business
Business administration
Economics
Industrial design
Industrial management
Industrial relations
Metallurgy

The Founders' Scholarship Program is an adult program for qualified IBEW members. It is not open to sons and daughters of members, unless the sons and daughters themselves are qualified.

Eligibility

The IBEW Founders' Scholarships are open to IBEW members who have been in continuous good standing for at least four (4) years by the time they begin college study or original members of a local union chartered less than four (4) years. It is further required that apprentices shall have completed a full, formal apprenticeship as established in their trade and area.

Qualifications

Applications must be submitted to the IBEW Founders' Scholarship Selection Committee at 1125 - 15th Street, N.W., Washington, D.C. 20005 on official application forms available from local unions or on request from the International Office. To be considered as qualified candidates in the scholarship competition, candidates must have taken the Scholastic Aptitude Test (SAT) administered by the College Entrance Examination Board and are responsible for registering to take the SAT and for paying all fees for the test. The test dates for 1974-75 are as follows:

November 2, 1974
December 7, 1974
February 1, 1975*

Candidates must register to take the SAT four to six weeks in advance of the examination dates. Further information about the SAT and registration forms are available at leading high schools and at many colleges. If unobtainable in your area, registration forms may be obtained by writing the College Entrance Examination Board at either Box 592, Princeton, New Jersey 08540 or Box 1025, Berkeley, California 94701.

On all registration forms for the SAT, prospective candidates must use the IBEW code number "0485" and in Item 9, line 1, of the form write "IBEW Founders' Scholarship." This will insure that the candidates' test results will be reported to the IBEW Scholarship Selection Committee for consideration.

Applicants should submit records of their high school and college-level work (if any) along with application and other forms. (High school records are not mandatory but would be helpful to the Selection Committee.) All high school records and college transcripts must be accompanied by an explanation of the marking system in use at the school, unless such explanatory notes are clearly printed on the face of the records. If the candidate has completed a formal apprenticeship training program as a member, records of apprenticeship classes and recommendations from his instructors would be helpful.

Applicants are required to submit a complete personal resume of their notable activities to date.

Applicants are required to submit an essay of between 250 and 500 words explaining, "How the Founders' Scholarships Will Benefit the Brotherhood and the Electircal Industry." Essay must be double spaced and typewriten.

Each applicant must be recommended by the business manager of his local union (or acting business manager in the absence of such officer) before his application will be considered. In addition to recommendation from the business manager, an applicant must submit letters of recommendation from at least two other reference sources (not members of his family) who are familiar with his abilities and performance records. Preferably, these references should be from persons of recognized standing and reliability with whom the candidate has associated, such as employers, supervisors, instructors, professionals, etc.

Application forms, transcripts, recommendations, records, and other supporting statements or papers must be received by the Selection Committee before *Jan. 31, 1975.** It is the responsibility of each candidate to see that all recommendations and letters or reference plus other required materials are received by the committee before the closing date.

Selection of Winners

The independent Scholarship Selection Committee, composed of recognized academic, professional, and community representatives, will examine the complete record of each scholarship applicant. Consideration will be given to the Scholastic Aptitude Test, transcripts of records for any college-level work already completed, the essay, resume, and any other evidence of maturity, initiative, ability, and demonstrated leadership potential. On the basis of these factors, the Selection Committee will choose the winners of the IBEW Founders' Scholarships, will name a panel of alternate winners, and will report the names to the IBEW scholarship administrator. The winners will be notified immediately by telegram, and the list of scholarship winners will be published in the IBEW *Journal*.

Awards

The $2,500 are to be used for all legitimate educational expenses. These would include tuition, room and board (or an equivalent allowance if not living on campus), books, laboratory fees, instruments, library fees, student activities, and other standard campus charges. The student is expected to budget his grant in a manner that will assure completion of all his degree requirements.

If an IBEW scholarship winner desires to accelerate his education by attending school during the summer, he will inform the IBEW, which will then arrange to transfer an appropriate portion of his scholarship fund for that period. The amount so advanced will be deducted from funds for the fourth and final year of the award. The student is limited to $2,500 for any three quarters of study in a school operating on a quarter system. An advance of funds for study in a fourth quarter of that year must be requested well in advance.

Responsibilities of Winners

Winners are expected to attend college on a full-time basis, with a full academic load of classes appropriate for their chosen curriculum and to begin study within 12 months after being notified of winning. Scholarship holders are required to send a copy of their official grade reports to the IBEW scholarship administrator as soon as they are available. They are also required to submit an annual paper of not less than 1,000 words on a labor-related topic. The topic may be on the American labor movement, labor history, or a subject of current concern to labor. The paper must be submitted no later than *August 1st* pf each respective year. The first paper would be due by August 1, 1976.

Scholarship winners are required to maintain membership in their local unions.

Scholarships are not transferable and are forfeited if the student withdraws or fails to meet the standards of scholarship, character, health, morality, and personality deemed necessary for graduation.

Continuity of Scholarship

Once a scholarship winner is admitted to college, his scholarship will be renewed annually, subject to all the rules set forth in this brochure.

If serious or chronic illness intervenes after a winner has entered higher education, the scholarship will be held in abeyance for one academic year.

If higher education is interrupted by military service, the scholarship will be held for not more than two academic years, unless the time of service is extended by the Selective Service Board. Those leaving the military service must apply for reinstatement of scholarship status within 90 days after severance.

Employment

If requested, the IBEW will undertake to seek summer employment and/ or Christmas and other holiday and vacation employment for IBEW Founders' scholars. In addition, the IBEW will assist graduates in final placement.

Free Act of the IBEW

The creation of the scholarship program is a free act of the International Brotherhood of Electrical Workers. The IBEW retains its right to alter, suspend, cancel, or halt the IBEW Founders' Scholarship Program at any time and without giving any reason, provided, however, that scholarship winners already in college under the program will continue to receive the stipends until graduation or the end of their fourth year of undergraduate study under their IBEW Founders' Scholarship, whichever comes first.

* Applicants who are taking the SAT on February 1, 1975, must have all other required papers in the hands of the Selection Committee no later than January 31, 1975.

Answers to attacks on Social Security

(Continued from page five)

This paper along with most others around the nation has reported on increasing citizen demands on Congress to enact a meaningful form of comprehensive health security legislation. Clearly the bill with the most public support—the one supported resoundingly by the National Council of Senior Citizens for five years—is S-3, H.R. 22, commonly referred to as the Kennedy-Griffiths-Corman bill after the original prime sponsors.

Opposed to this bill—which would limit the role of the leech-like private health insurance companies—was President Nixon, who was indebted to major insurance companies for massive campaign contributions. Also opposed is a series of organizations whose primary financial backing comes from the profits of very successful companies whose business is to sell, among other types of insurance, high-profit health insurance to the elderly and other minority members of our society.

Since the success of the S-3 and H.R. 22 Comprehensive National Health Security legislation hinges on its administration by the Social Security system, any accepted attack on that system would tend to reflect upon the wisdom of the Health Security measure.

But, as has been shown here, the Social Security system is sound and working. It is not bankrupt. It is not inefficient or deleterious to private pension investment.

In fact, every industrialized nation in Europe has a Social Security system—many for much longer periods of time than we have had. These systems have worked, and worked well, even when also administering comprehensive health security for all citizens.

In recent weeks we have witnessed a series of brutal attacks upon the natural fears of those who depend upon the security of Social Security. But it has been a series of false arguments that, if read with knowledge, pale to the insignificance of the mindless noise made by the cicada locusts which periodically infest our land.

Senior Citizens News

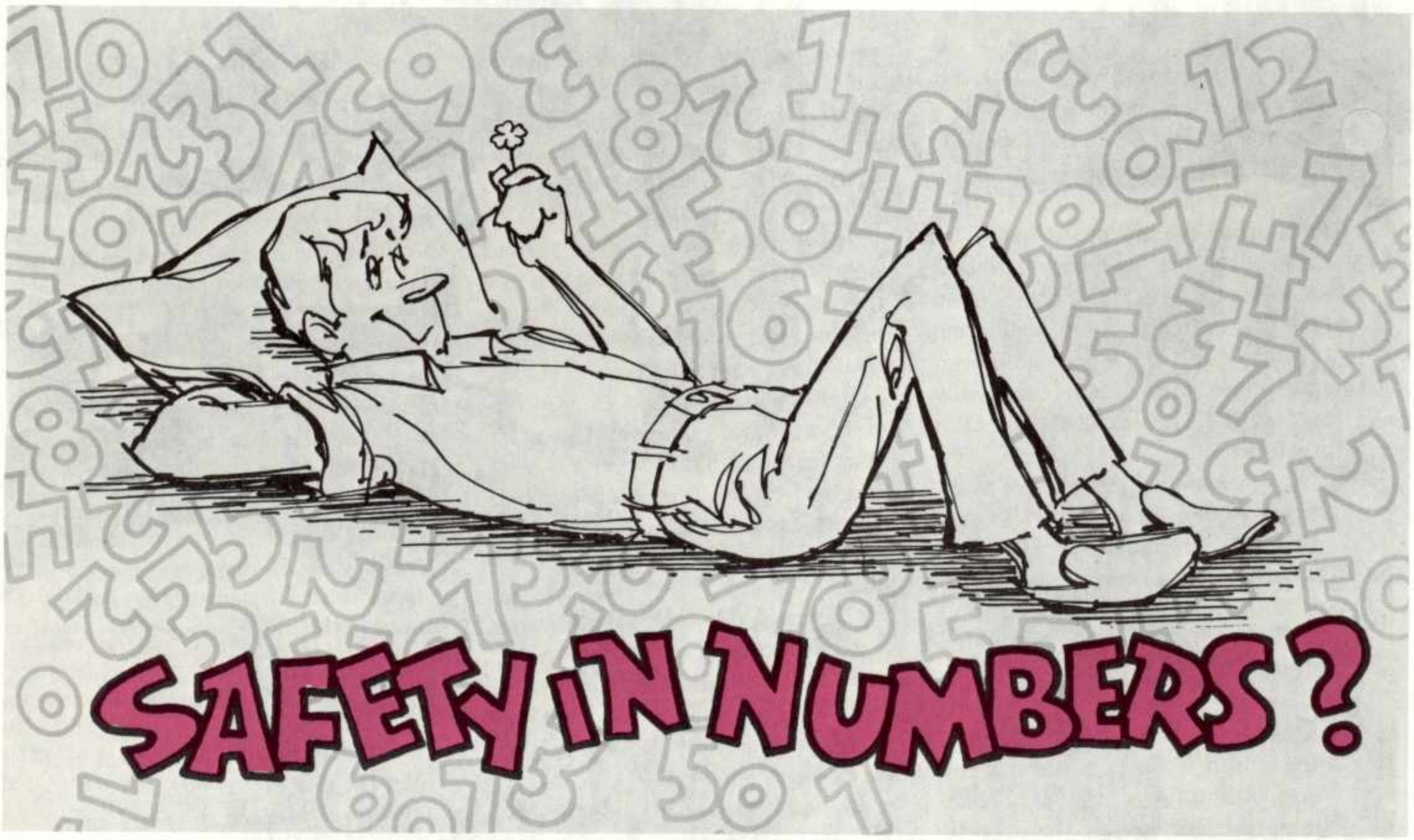
TRACY UNIT PIG FEED – HUGE SUCCESS

The photos on this page show many of the participants in the Annual Tracy Unit Pig Feed. A good time was had by all, a fact which can be seen by looking at the pictures. The committee worked very hard to put the picnic together and should be congratulated for their efforts.

answers to quiz

1.	1, 10	**11.**	100
2.	0	**12.**	1/ 4
3.	100, 2	**13.**	2
4.	500, 300	**14.**	60
5.	100	**15.**	5, 3
6.	120	**16.**	4
7.	10	**17.**	1½
8.	3	**18.**	3
9.	2/ 32	**19.**	25, 40
10.	140	**20.**	15

The Safety Scene



by Tom Dodds

0

2/32

1/4

1

1½

2

2

3

3

3 4 5 10 10 15 25 40 60 100 100 100 120 140 300 500

IS THERE really safety in numbers as that old saw suggests?

The shy gal who insists on double dating obviously thinks so. And so does the guy who carries a four-leaf clover—a three-leafer is worthless as a protector from harm.

Whether or not you put much stock in these frivolous approaches to the safety-in-numbers game, the fact is there are numbers that play vital safety roles.

Being aware of these numbers could help you avoid an accident. Here's a quiz to test your safety-by-the-numbers knowledge.

All the numbers you need for the blanks are listed to the left and below. Cross them off as you use them. Answers are on page 7.

1. You should allow at least ______car lengths of following distance between you and the vehicle ahead for every ______miles per hour of your speed.

2. Small children should be instructed to dial______on the telephone to get the operator in an emergency.

3. On a long car trip a driver should take a break about every ______miles or _____hours, whichever comes first.

4. A bicycle properly rigged for safety should have a light on the front that's visible from a distance of _____feet and a rear reflector whose glow is visible for ______feet.

5. When following another vehicle at night, you should switch to your low beams when you're within about _____yards of the rear of the other vehicle.

6. Do not store an aerosol spray can near sources of heat or where the temperature exceeds ______ degrees.

7. At night, drive at least ________ miles per hour slower than in daylight.

8. The______-prong electrical plug protects you from any stray current that may develop in a tool or appliance you may be using.

9. When the tread pattern on a tire has been worn to a remaining depth of______of an inch, it's time to replace it.

10. To be on the safe side your water heater's temperature should not exceed______degrees.

11. In slow-moving, urban traffic, you should start your directional signals a minimum of______feet from the actual turn.

12. When propping a straight ladder against a wall, the distance from the foot of the ladder to the bottom of the wall should be ______the distance from the foot of the ladder to the point of support against the wall.

13. Your car's brakes are in need of repair or adjustments if your breake pedal is less than _____inches above the floor when you bring your car to a full stop.

14. Using the trailer axle as a dividing point, a car trailer should be loaded so that_____ per cent of the total weight is in its front half for maximum stability of the trailer and the car.

15. Mouth-to-mouth resuscitation should be administered at the rate of one breath about every ______ seconds for an adult and one breath about every ______ seconds for a small child.

16. It's necessary to start artificial respiration as soon as possible, because brain damage will begin in about______minutes when the body is deprived of oxygen.

17. You may be covering more ground than you think. You can find out how many feet per second your car is traveling by multiplying your speedometer reading by

18. Poison ivy plants always have ______ leaves in a group.

19. If you only wear your safety belt when you're on a high-speed, highway trip, you should know that most accidents happen within ______miles of home and that more than half the traffic accidents causing injury or death involve speeds of less than______ m.p.h.

20. Immediate first aid for a flame or chemical burn in the eye is flooding with water for approximately______minutes.

Family Safety