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[1975]

File

Ford Aide Says U.S. Unions Need Legal Bargaining Rights

By Joseph Young

Washington Star Staff Writer

President Ford's chief aide on labor-management affairs has come out strongly in favor of collective bargaining rights under law for federal employees and their unions.

In what appears to be a change in

"An executive order — whether from the hand of a Republican or Democrat — bears the inescapable mark of management," Usery said, adding that "there is precious little collective bargaining in the federal sector" under the present system whereby management deals with

[1975]

Executive Office of the President
Federal Civilian Employment



Account	June 30, 1975		June 30, 1976				Sept. 30, 1977			
	Actual		Req.		Recom.		Req.		Recom.	
	FTP	Total	FTP	Total	FTP	Total	FTP	Total	FTP	Total
White House Office ^{1/}	534	625	500	515	500	515	500	515	500 ⁴⁸⁵	515
Office of the Vice President	30	39	30	31	30	31	30	31	30	31
Office of Management and Budget ^{2/}	603	660	640	722	640	722	620	670	620	670
Council of Economic Advisers	35	39	46	60	46	60	46	60	46	60
Citizens Advisory Comm. on Environmental Quality	1	1	1	1	1	1	1	1	1	1
Council on Environmental Quality	51	69	48	65	44	61	48	65	44 ⁴⁰	61
Council on International Economic Policy	28	40	32	43	29	40	30	41	28 ²⁸	39
Council on Wage and Price Stability	37	45	44	54	44	54	47	57	44	54
Domestic Council ^{3/}	32	34	59	64	<u>40</u>	45	59	64	59	64
Economic Mansion and Grounds	78	81	82	82	82	82	82	82	82	82
National Security Council	72	89	72	95	72	91	79	95	72	92
Office of Special Representative for Trade Negotiations	45	49	45	48	45	48	62	65	60	63
Office of Telecommunications Policy ¹	61	76	52	64	48	65	67	81	48 ⁵²	60
Office of Federal Procurement Policy ^{2/}	0	0	22	23	22	23	21	23	21	23
Presidential Clemency Board	0	15	0	0	0	0	0	0	0	0
Total	<u>1607</u>	<u>1862</u>	<u>1673</u>	<u>1867</u>	<u>1643</u>	<u>1838</u>	<u>1692</u>	<u>1850</u>	<u>1655</u>	<u>1815</u>

1/Budget not received, 1977 estimated at 1976 levels.
 2/1977 estimated, no decision has been made.
 3/1976 Supp. requested, 29 additional persons. Senate approved 10 persons. 1976 recommended figures reflect increase of 10.



Analysis of Federal Civilian Employment

<u>Account</u>	<u>6-30-75</u>		<u>6-30-76</u>				<u>9-30-77</u>			
	<u>Actual</u>		<u>Req.</u>		<u>Recom.</u>		<u>Req.</u>		<u>Recom.</u>	
	<u>FTP</u>	<u>Total</u>	<u>FTP</u>	<u>Total</u>	<u>FTP</u>	<u>Total</u>	<u>FTP</u>	<u>Total</u>	<u>FTP</u>	<u>Total</u>
Council on Environmental Quality.....	51	69	48	65	44	61	48	65	44	61

Agency Request

The additional positions were requested to study environmental implications of energy technology developments under provisions of the Non-nuclear Research and Development Act.

OMB Recommendation

OMB disallowed the increase on the basis that previous policy guidance indicated no new initiatives requiring additional personnel were to be permitted.

Council on International Economic Policy.....	28	40	32	43	29	40	30	41	28	39
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Agency Request

The 1976 request was four more than 1975 actual due to increased workload and a requirement for an executive level II position for the Executive Director who had been an Assistant to the President on a White House salary.

OMB Recommendation

OMB recommendation reflects general policy to hold down employment in EXOP.

Council on Wage and Price Stability.....	37	45	44	54	44	54	47	57	44	54
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Agency Request

In the 1977 budget an increase of three persons was requested to facilitate an additional public hearing on price/wage problems, additional filings on Federal rule-making procedures and to carry out one additional study of a critical industry's pricing policies.



<u>Account</u>	<u>6-30-75</u>		<u>6-30-76</u>				<u>9-30-77</u>			
	<u>Actual</u>		<u>Req.</u>		<u>Recom.</u>		<u>Req.</u>		<u>Recom.</u>	
	<u>FTP</u>	<u>Total</u>	<u>FTP</u>	<u>Total</u>	<u>FTP</u>	<u>Total</u>	<u>FTP</u>	<u>Total</u>	<u>FTP</u>	<u>Total</u>

OMB Recommendation

OMB's recommendation is based on projected decrease in the probability of inflation. The life of the Council runs out in 1977.

Domestic Council.....	32	34	59	64	40	45	59	64	59	64
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Agency Request

In a pending supplemental the Domestic Council requests 29 additional persons. The House committee turned down the request, while the Senate committee allowed up to 10 additional positions. The issue will go to conference.

OMB Recommendation

OMB approved the original supplemental for 29 positions. The figures for 1976 recommended reflect the 10 persons voted by the Senate committee.

National Security Council.....	72	89	72	95	72	91	79	95	72	92
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Agency Request

In 1976, the agency requested additional personnel on the basis that it would be desirable to have more persons. In 1977, the request was tied to increased workload associated with requirements of the Freedom of Information Act and declassification laws.

OMB Recommendation

In 1976, OMB agreed that some increase was desirable, but did not approve the full request. In 1977, OMB recognized that these acts put strain on the agency in the short term and approved an additional temporary position.



Account	6-30-75		6-30-76				9-30-77			
	Actual		Req.		Recom.		Req.		Recom.	
	FTP	Total	FTP	Total	FTP	Total	FTP	Total	FTP	Total
Office of the Special Representative for Trade Negotiations.....	45	49	45	48	45	48	62	65	60	63

Agency Request

In 1977 an increase of 17 persons was requested to cover duties imposed by the Trade Act of 1974.

OMB Recommendation

OMB recognized the validity of the need, but felt that 15 additional positions was sufficient.

Office of Telecommunications Policy.....	61	76	52	64	48	65	67	81	48	60
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Agency Request

In 1976 and 1977 the agency requested increases to conduct general research and analysis.

OMB Recommendation

OMB believed that existing staff and other resources were sufficient to conduct the business of the office.



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

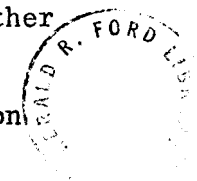
March 4, 1975

To: OMB Senior Staff
From: Ken Hagerty *OH*
Subject: Albert - Mahon Press Conference
Q&A

Pat -
Jobs
issues
file

In response to questions Mahon (M) or Albert (A) made the following statements:

- M - Most, but not all the funds in this bill are in excess of President's Budget. All but a couple of Hundred M.
- M - This provides full funding of last December's authorizations for Public Service jobs.
- M - Most the items here are generally requested later by the Administration anyway - so we're saying why can't we have them now.
- A - No he hasn't told the President about this in advance.
- M - Yes they have heard from some Administration people as they put this together and "based on some of the information we elicited we have put dollars in the bill."
- M - Yes, a number of these programs require state and local matching.
- A - Provision of materials for P.S. jobs (paint, trees, etc) is pending before the Daniel's Labor Subcommittee
- A - We've heard complaints from some mayors that they're having to lay off skilled employees to be able to participate in our programs.
- A - Refused to state he saw a depression coming.
- A - This bill won't be the thing that makes the difference on whether we have a depression or not.
- M - No he hasn't discussed this bill with the Senate, but no reason to think they won't buy it.
- M - Yes this bill is outside the new Congressional budgeting process but we are only making a trial run this year and we must react.
- M&A - Bill won't be linked to the Emergency Farm bill, but the two may come to the floor together.



STATEMENT OF REP. CARL ALBERT
THE SPEAKER
U. S. HOUSE OF REPRESENTATIVES
WASHINGTON, D. C.
MARCH 4, 1975

ANNOUNCEMENT OF EMERGENCY EMPLOYMENT
APPROPRIATIONS ACT, 1975

Good morning ladies and gentlemen. We have asked you to come here this morning to inform you of a major counter-recessionary legislative measure prepared by the Appropriations Committee, with the full support and encouragement of the House Democratic Leadership.

This measure is the \$5.9 billion Emergency Employment Appropriations Act of 1975, which will create more than 900,000 direct jobs and perhaps an equal number of indirect jobs, beginning over the next three to eight months.

As you know, the American economy has been deteriorating steadily and rapidly for months. Unemployment now stands at 8.2%, and we fully expect the unemployment figures for February -- which will be out at the end of this week -- to show another big jump in the number of jobless.

As a result, our nation now stands at the crossroads, where one path leads to slow but sure recovery from this severe recession and the other path leads straight on into Depression.

We know which road the Administration would have us take. President Ford has promised to veto any spending measures, despite their beneficial impact in creating jobs and stimulating the economy. But then, this is the recommendation of the very Administration whose economic policies have brought upon our nation the near-Depression from which we are now suffering, with its terrible economic and personal hardships for so many millions of unemployed Americans and their families.

We in the Democratic Congress prefer to take the other road -- the road to economic recovery. The biggest single step we can take down that road is to put people back to work again. The Appropriations Committee, under Chairman George Mahon, has prepared a bill which will do just this -- help get America back to work.

This bill provides \$5.9 billion in funds to put nearly two million people, not on the dole, but on the job.

Now I don't want to oversell this bill. Six billion dollars is a lot of money, but in a trillion and a half dollar economy, it is not going to end unemployment overnight. Clearly more -- a great deal more -- will be needed, and will be provided. But this bill is a very important step in the Democratic program for economic recovery which I outlined at the beginning of this Session, and we will pass this measure well within the 90-day action period we promised the American people when our program was announced on January 13th.

I would also like to note in passing that the many other initiatives we promised the nation are moving right along.

A tax cut for individuals and businesses and measures to protect the elderly and needy from food stamp price increases have already passed. Aid to housing, increased public employment authority, a resolution calling for lower interest rates, and other measures are well along. And the appropriations bill we are discussing today will provide a measure of balance in the governmental sector to the stimulus provided in the private sector by the tax reduction bill.

In closing, I want to thank Chairman Mahon of the Appropriations Committee, and especially all the Subcommittee Chairmen and Members, who have worked long hard hours in preparing this legislation very quickly to deal with our national employment emergency. I can assure you that the House Democratic Leadership will act equally expeditiously in programming the bill for House action.

I will now ask Mr. Mahon to explain the legislation in more detail.

STATEMENT BY GEORGE MAHON

CHAIRMAN OF THE HOUSE COMMITTEE ON APPROPRIATIONS
ON THE EMERGENCY UNEMPLOYMENT APPROPRIATION ACT OF 1975

Seven subcommittees of the Committee on Appropriations are recommending that nearly \$6 billion be provided in an emergency employment appropriation bill that will directly create over 900,000 new jobs.

These recommendations will be considered by the Full Appropriations Committee on Friday. If the bill is reported then, it can be on the House Floor Wednesday, March 12, and hopefully the Senate could complete action on it before Easter.

The Committee has developed this bill in close cooperation with the House leadership as a response to the critical unemployment situation facing the nation.

In recent weeks an intensive effort has been mobilized by the Committee to identify existing programs and areas where additional funds would immediately generate additional jobs.

Two approaches to the unemployment problem are being recommended-- funding of programs such as public service jobs in which funds are used directly for the creation of jobs and funding of accelerated government programs such as construction, repair and rehabilitation, and purchase programs where funds will be used to create jobs indirectly through construction contracts, purchase of automobiles for government use, further development of the Nation's recreational and public land resources, and other similar programs.

The Committee on Appropriations believes that the current economic situation requires unusual and emergency action. In the past, the Committee has normally recommended enactment of an appropriation bill after



a budget request is received from the President.

These critical times, however, require immediate, positive action.

Unemployment reached 8.2% in January. Undoubtedly, the February figures will be worse. In some industries unemployment is far above the 8.2% level - such as in the automotive industry with 24.0%, construction with 22.6%, textiles with 19.4%.

Certain segments of the population are particularly hard hit -- minorities at 13.4%, teenagers at 20.8%, part-time workers at 10.5%.

Estimates have been made which indicate that, unless current economic conditions change, about 400,000 people a month will exhaust their unemployment benefits during the July to December period.

For these reasons, it is essential that the government act immediately, in a responsive way, to stimulate employment.

Bill Highlights

Highlights of the major features of the Committee's recommendations include the following:

\$1,625,000,000 for Public Service Jobs which should support 180,000 additional man years of employment.

\$375,000,000 additional to fully fund the job opportunities program of the Economic Development Administration, thus providing wide-ranging emergency employment assistance in urban and rural areas suffering from high levels of unemployment.

\$117,955,000 for the acceleration of approved projects under the Bureau of Reclamation and the Corps of Engineers to promptly provide jobs, increase national capital assets and promote conservation of resources across the nation.



\$385,000,000 for the loan programs of the Small Business Administration to increase and protect job opportunities in this essential sector of the economy.

\$443,000,000 for the purchase of 121,000 automobiles and other vehicles by the General Services Administration, the Postal Service and other agencies which will not only provide required additions and needed replacements for federal vehicle fleets, but will significantly impact on the industry presently hardest hit by the unemployment crisis.

\$148,755,000 in appropriations and \$83,162,000 for the liquidation of contract authority in the Department of the Interior and the Forest Service for immediate but lasting accomplishments including reforestation and timber stand improvement, fire prevention activities, habitat fencing, erosion control, hatchery improvements, and the construction and improvement of roads and trails and recreation facilities.

\$70,755,000 to make necessary and immediate improvements to facilities of the Veterans Administration, including repair and improvement and energy conservation projects at veterans' hospitals and medical facilities.

\$106,000,000 to accelerate construction of approved watershed and flood prevention operations of the Soil Conservation Service, which will immediately create jobs and enhance the nation's land and water resources through long term conservation benefits.

\$465,000,000 for the General Services Administration to undertake immediate construction, repair, alteration and improvement of public buildings in hundreds of locations across the country.

\$350,000,000 for the immediate construction and improvement of postal facilities on a nationwide basis which will generate jobs and provide lasting results.

- \$150,000,000 for rural water and sewer grants, and an increase of \$300,000,000 in the loan level for this program to stimulate jobs in the construction industry and reduce the backlog of these needed projects which will provide safe drinking water and help prevent pollution of streams, lakes and rivers.

\$412,700,000 for the summer youth employment which will generate 760,000 jobs for nine weeks of the summer.

\$5,000,000 for jobs under the Youth Conservation Corps.

\$70,000,000 for the Work Incentives Program to assist Welfare recipients obtain employment and which will continue the present programs for which funds are currently being exhausted.

\$24,000,000 for community service employment for unemployed, low-income persons aged 55 or over which together with \$12,000,000 appropriated earlier and not spent should provide 12,000 jobs.

\$119,800,000 is provided for College Work-Study grants which will provide part-time employment to about 250,000 students both in this current academic year and during the summer.



FOR IMMEDIATE RELEASE

MARCH 5, 1975

JBS

Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESS SECRETARY

The President met yesterday with his senior Economic and Energy advisers. They reviewed with the President general economic subjects and discussed programs proposed and in place to deal with our current economic conditions.

At the conclusion of that meeting, the President made the following observations and decisions. First he noted that the Budget he transmitted to the Congress last month included \$32 billion for aid to the unemployed during FY-75 and FY-76. The President noted that \$5 billion of that aid depended on congressional action and he asked the staff to work with the appropriate committees of Congress to see that the money needed is available in time to meet benefit payments as they come due.



The President also observed that his budget recommendations provided funding for 310,000 Public Service Jobs through this calendar year. He has decided now that it would be appropriate and desirable to provide the funds necessary to continue these jobs another six months through July first of 1976. Therefore, he has decided to recommend to Congress that they provide supplemental funding totaling \$1.625 billion to carry out that purpose in addition to the \$2.5 billion already contained in the Budget for public service jobs and other manpower programs.

//

Under the provisions of the Comprehensive Employment and Training Act (CETA) enacted in December, 1973, the state and local governments make decisions as to the allocation of manpower funds between institutional, on-the-job training, summer youth employment and other purposes. The President was advised that preliminary plans indicate that state and local governments are not allocating sufficient funds to meet this summer's needs for job opportunities for youth. Therefore, the President has decided to seek supplemental funding for specific summer youth programs this year in the amount of \$412 million. This will insure an additional 760,000 summer youth job opportunities on top of the allocations made by State and local sponsors from CETA funds already provided.

Finally, the President indicated a concern about the possibility of unemployed workers exhausting their unemployment compensation benefits. The President asked that a study of this problem be completed promptly for his review.

###

THE WHITE HOUSE
WASHINGTON

Present

March 6, 1975

MEMORANDUM FOR HEADS OF DEPARTMENTS AND AGENCIES

Chairman Hampton of the Civil Service Commission recently reported to me on progress to assure equal opportunity in Federal employment. I have also reviewed the most recent statistics on the employment of minorities and women in the Federal Government.

Minorities and women have demonstrated their ability to compete successfully under merit principles. Over one-fifth of the jobs in Government agencies are held by Blacks, Spanish-speaking Americans, American Indians and Asian Americans. Nearly one-third of all Federal employees are women.

While I am encouraged by these figures, our efforts must continue. For example, within the general schedule and similar grade groupings, minorities represent only 5.2% and women only 4.5% of Federal employees at GS 13 and above. I therefore want you to know how I view equal employment opportunity. I urge you to provide strong leadership in your own organization.

Our Nation's strength is based upon the concept of equal opportunity for all our citizens. Decisions motivated by factors not related to the requirements of a job have no place in the employment system of any employer and particularly the Federal Government.

But more is required than non-discrimination and prohibition of discriminatory practices. What is needed are strong affirmative actions to assure that all persons have an opportunity to compete on a fair and equal basis for employment and advancement in the Federal Government. Affirmative action includes recruitment activities designed to



reach all segments of our society, fair selection procedures, and effective programs of upward mobility so that all employees have the opportunity to gain skills to enable them to compete for higher level positions. Such actions are under way in the Federal Government. They must be continued and expanded.

Although the Federal Government has employed large numbers of minorities and women, vigorous efforts to assure equal employment opportunity must continue, particularly in those geographical areas and agencies and installations where more progress is needed. There are program areas where special emphasis is needed. There is reason to believe, for example, that the skills of the Spanish-speaking as a group have not yet been fully tapped. Also, a much wider range of employment opportunities for women can be opened. We cannot and must not permit persons to be locked into jobs not commensurate with their potential. I am looking to you and to every manager in the Federal Government to assure that employees, without regard to their race, national origin or sex, have an opportunity for advancement in accordance with individual abilities.

Moreover, men and women of all racial and ethnic backgrounds must be assured a fair opportunity to serve in positions where they can make a maximum contribution and participate in the decision-making process.

Equal employment opportunity doesn't just happen; it comes about because managers make it happen. I want equal opportunity to be reflected in every aspect of Federal employment. I have called on Chairman Hampton of the Civil Service Commission to keep me fully informed on an annual basis of the progress each Federal department and agency is making in this regard. Increased accountability on the part of Federal managers will help to promptly identify deficiencies and strengthen our EEO program at all levels.

Just as we will not condone preferences in employment decisions because of a person's race, ethnic origin or sex, we will not tolerate failure to



vigorously carry out affirmative actions in support of equal employment opportunity. I am asking for your personal commitment and active cooperation in assuring that the American ideal of true equal employment opportunity is a reality in the Federal Government.

Please make my views known to all employees and managers in your organization. Their understanding of my objective is essential. Their support is required.

Gerald R. Ford



MARCH 13, 1975

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE
REMARKS OF THE PRESIDENT
AT THE
ISSUANCE OF A COMMEMORATIVE STAMP
STATLER HILTON HOTEL

*File
Collective Bargaining*

9:06 P.M. EDT

Mr. Winthersinger, Ted Klassen, Ben Bailar, Bill Usery, the two really honored guests here tonight, ladies and gentlemen:

It really is a great privilege and pleasure to have the opportunity of stopping by, and I wish that I had an opportunity to spend more time and meet each and every one of you individually.

I happen to think that what you represent is a most important ingredient in our society here today. I think all of you know, even better than I, that our American system of collective bargaining is very uniquely deserving of this special honor it is receiving through the issuance of this stamp.

It has been my observation, as I visited and traveled throughout the world -- and I have read history, as all of you and many others have -- history has shown that only where there is free collective bargaining is there a free society.



The stamp's theme, "Out of Conflict Accord," is one to which every citizen can subscribe. The fact that we have developed a strong, flexible collective bargaining system stands as a tribute to the millions of men and women of both labor and management who have devoted themselves to building a better and better America.

I think it is quite obvious that we need to build a better America today. We need courage, we need patience -- courage to face the vital issues before us, and patience to work out just solutions.

MORE

Our people cannot live on islands of self-interest. We must build bridges and communicate our agreements as well as our disagreements. Only then can we honestly solve the Nation's problems and those problems are tremendous. Those problems need our total dedication as we move ahead.

One of the longest and sturdiest bridges in this land is collective bargaining. Today, more than ever in the past three decades, there are really three parties at each bargaining table -- management on the one hand; labor on the other; and the third, our national welfare.

There is an ever-growing responsibility on two sides for restraint in the interest of the third party -- national interest. I most sincerely ask all of you here this evening, and all members of labor and management teams around the country, to remember that there is a silent partner sitting down with you at each bargaining session, your fellow citizens everywhere.

Let's try to remember as we can, bearing each individual's respective responsibility, America's interests and the search for social as well as economic progress. Our objectives, yours as well as mine, are as old as human nature. Each man and each woman are the roots of his or her own survival. So, it is so true in democracy.

Democracy has within it the roots, as well as the strengths, to save itself and that strength is national unity and a strong, strong national purpose.

Many Americans see precious little advantage in the Nation in the debate and the delay that has characterized Washington in the past several months. Rather, they are convinced that action, concerted action, is now precious to our country and may, in the long, long run, prove priceless.

It is said that an atmosphere of compromise now pervades Washington. I believe that is correct, that is good, and I would like to see that mood develop into a movement, into agreement as well as action for America.

MORE



*Brown - J
Ref. - 10/24/71*

It seems to me, as I travel around the country, as I read the mail and as I talk to people here in Washington, Americans see delay, Americans see division, lack of concerted action, and they don't like it. They want to see some collective bargaining between the Executive and the Legislative Branches of their Federal Government.

I have said, for example, that I am willing to compromise on a tax cut, and I repeat here this evening that I am willing and anxious to achieve some compromise in this area. It is also my observation that the American people will not stand still for a government that is standing still.

The American people, for example, want a tax cut now. I think more of us ought to start listening to America instead of listening to ourselves here in Washington.

It is my further observation that I hear America calling for action, reasonable action in a reasonable amount of time. I suggest in the tax cut area action by the end of March of this year.

It is my strong belief and deep conviction that we ought to get to work. Let us give recession and unemployment a new "one-two," the President and the Congress hitting both of them simultaneously.

It is my belief that if we do so, we will put all our workers back to work so free collective bargaining can flourish in the future.

Thank you very much.

(Presentation to the President of folio by Postmaster General Bailar.)

THE PRESIDENT: Thank you, Ben.

Let me make an observation. I was looking in the office -- I have a little private office over the Oval Office -- at a stamp collection that was started in our family a good many years ago.

As a matter of fact, I have a stamp collection book that was given to me by an uncle and aunt, given to me in 1922, which they had started in Argentina when they were stationed there with an American company in 1912.

I don't know what it is worth -- I am not that knowledgeable -- but a collection of stamps I think is a great, great hobby. I have been collecting things in this area, and at some time in the future I am going to sit down and enjoy them and really get the benefit from the great causes and things that they represent.

MORE



Page 4

I thank you very much, Ben, for your thoughtfulness and your expression on this occasion. This will be one thing that I will remember for a long time, and very deeply.

Thank you.

END (AT 9:17 P.M. EDT)

THE WHITE HOUSE

WASHINGTON

April 10, 1975

MEMORANDUM FOR: JIM CONNOR
FROM: JIM CANNON
SUBJECT: LABOR ISSUES

This memo provides additional background information for the President's April 11, 1975, orientation meeting with Secretary Dunlop. I understand that you already have the OMB material and suggested talking points, with which we are in general agreement.

Pursuant to your request, I will focus on federal mediation activities and the roles of the Secretary of Labor and the Director of the Federal Mediation and Conciliation Service.

Labor Department

The Secretary of Labor's role in labor disputes is largely "unofficial," i. e., no statutory authority, except that derived from his position as a principal advisor to the President. Over the years the Secretary has exercised considerable influence and control over the Federal Mediation and Conciliation Service (FMCS) and the Federal Mediation Board (FMB). Because both the FMCS and FMB are supposedly neutral, the Secretary of Labor can and does act as the Administration spokesman.

The Secretary of Labor, and occasionally his representatives, have, in the past, engaged in mediation activities. These activities were in conflict with the assigned responsibilities of FMCS and have been the product of personalities rather than any statutory authority.

Unfortunately, these personalities also come into conflict with the "mediation" process. However, past Labor Secretaries such as Arthur Goldberg were considered a constructive, positive factor. Peter Brennan was not considered helpful.



The Federal Mediation and Conciliation Service

Prior to its establishment in 1947 as a totally independent agency, the FMCS had been part of the Labor Department. The Director of FMCS is appointed by the President by and with the advice and consent of the Senate.

Section 202 of the Taft-Hartley Act (Labor Management Relations Act) states ". . . . all mediation and conciliation functions of the Secretary of Labor or the U. S. Conciliation Service. . . . are hereby transferred to the Federal Mediation and Conciliation Service" Under this authority, the Service is directed to prevent or minimize interruptions growing out of labor disputes in any industry affecting commerce.

The Service's professional staff is composed of about 280 mediators stationed in the major industrial areas of the United States. Mediator participation is keyed to a 30-day contract termination notice that parties to a collective bargaining agreement must file with the Service. Based on these notices, the Service participates in approximately 8,000 contract negotiations each year. In particularly significant disputes and those having national impact in health, safety, defense or energy areas, the Service assigns representatives from its national office in Washington. The Director, William J. Usery, often acts as mediator in nationally significant cases, is highly respected and very effective.

National Mediation Board

Section 4 of the Railway Labor Act established the National Mediation Board as an independent agency in the Executive Branch of the Government. The Board is composed of three members appointed by the President by and with the advice and consent of the Senate. Not more than two members can be of the same political party.

The Board was established to mediate disputes arising in the transportation industry, specifically railroads and airlines. The Board differs from FMCS in that it exercises greater control over when the parties may be released to engage in economic actions against each other. The Board can, to some degree, control the timing of a work stoppage; however, it cannot prohibit one. FMCS has access to persuasive powers only.



Once the Board notifies the parties, in writing, that its mediatory efforts have failed, the parties are free to use any forum they choose to resolve their dispute. There is no requirement that the Board retain exclusive jurisdiction over the dispute even though it involves railroad or airline industries. This factor, combined with the Congressional intent, as expressed in Title II of the Taft Hartley Act, 1947, as amended, of utilizing mediation efforts to peacefully resolve industrial disputes, could form the basis for a cooperative Governmental mediation effort between the two agencies. However, it would appear that neither Act provided the Secretary of Labor with any designated mediation function, nor any regulatory control over either FMCS or the National Mediation Board.

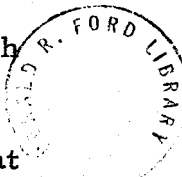
The Need for Coordination

In January 1974, William Usery, in addition to his duties as Director of FMCS, was appointed Special Assistant to the President for Labor Relations. His mandate is the:

"coordination of the Government's mediation activities and other labor relations activities involving the public and private sectors of the economy, including airlines, railroads, trucking and Federal state and local governments. The President has also asked Mr. Usery to submit to him recommendations for the systematic development of long-range governmental programs to promote labor-management peace in each of the sectors of his assigned responsibilities. In carrying out this responsibility, Mr. Usery will work closely with all appropriate governmental agencies."

Among other factors, this appointment was based on the recognition that many industries, due to material and fuel shortages, were becoming critically interdependent on each other and that the composition of many industries such as transportation had changed dramatically. Accordingly, this shift in character and structure dictated the need for coordination of all mediation activities in an effort to minimize the impact of labor management disputes on all segments of the Nation's economy.

In a move to fully utilize the Government's mediation capabilities, Usery has coordinated Governmental efforts in resolving the threatened nationwide stoppage by the Airline Pilots Association in December 1973, as well



as the stoppage by independent owner-operators in January 1974, and a subsequent threatened stoppage in May 1974. All of these disputes were affected by actions of several agencies and demonstrated the wisdom of a coordinated approach in their resolution. The actions taken in these instances illustrate the need to give careful consideration to further implementation of a unified Governmental approach to mediation.

I would certainly recommend preserving Secretary Dunlop's role as principal advisor on policy and legislation affecting Labor relations. Bill Usery should continue in a "neutral" role which will not diminish his outstanding mediation capabilities. While Usery should look to the Secretary for advice on long term policy matters, the complexity of the problems suggests that a close two-way exchange should be encouraged.



Possible Response to Secretary Dunlop1 (and 5b). Responsibilities in Labor-Management Area

Rely on Secretary Dunlop for policy development and communications with labor and management on major policy direction; rely on Mr. Usery for mediation of particular disputes and work on improving labor-management relations in specific situations, in accordance with Secretary Dunlop's policy guidance.

2. Equal employment opportunity conflicts

- a. Tell Secretary Dunlop that you have the regulations and are expecting an options paper on them from OMB very shortly, covering this and other issues in the regulations. Assure him that DOL's views will be taken into account.
- b. Say that over the long-term a regular forum for avoiding conflicts in civil rights regulations of contractors and aid recipients must be created. HEW has proposed that it be added to the Equal Employment Opportunity Coordinating Council for this purpose.
- c. Point out that the increasing use of the procurement system to accomplish social goals (setting wage levels; increasing employment of minorities, women, handicapped, and veterans) are burdening the procurement process, and that each new addition dilutes the effectiveness of the method. Ask Secretary Dunlop to work with the new Office of Procurement Policy in its efforts to rationalize the system.

3. Follow-up on Education and Work

You are still waiting for a report from the Secretaries of HEW, Labor, and Commerce that proposes a reasonable Federal role, provides a unified strategy, specifies achievable objectives, uses existing programs, and recognizes budgetary constraints. Suggest a June deadline.

4. Legislation

- a. Unemployment compensation.



Emphasize the need for careful analysis to assure that proposed changes do not have unfortunate, unintended results. Suggest limiting legislation now to the extension of coverage (assuming the policy question of Federal imposition of costs on State and local governments can be resolved) and to setting up a commission to consider other changes.

b. Farm-labor relations

Ask for submission of a draft bill so that issues can be resolved and an Administration position developed.

c. Federal labor relations

Point out that effective use of his authority under the revised executive order is the Administration's way to avoid legislation in this area.

d. Workers' compensation

Ask for a vigorous pursuit of the task force effort to help States improve their programs and to find answers to the issues presented in the interdepartmental White Paper. Point out that unnecessary and premature Federalization must be avoided.

e. Construction labor relations

Ask for a paper proposing specifics and alternatives, and an analysis of how it might affect other sectors.

5. Priorities in Department

a. Quality of Administration - OSHA, pensions, OFCC

Agree that these are areas of priority concern, and that capable top management should be secured.

b. Communications with labor and management. See topic 1.

c. Long-term structural reform in collective bargaining.

Suggest that it might be useful to have a major paper outlining the major problem areas and proposing alternative strategies and priorities for approaching them.



THE WHITE HOUSE
WASHINGTON

April 10, 1975

see folder, too

MEETING WITH SECRETARY OF LABOR JOHN T. DUNLOP

Friday, April 11, 1975
2:00 p.m. (60 minutes)
The Oval Office

From: James E. Connor *JEC*

I. PURPOSE

To meet with Secretary Dunlop in order to discuss several broad issues of mutual concern.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: This is your first private session with Secretary Dunlop since his swearing in on March 18, 1975. You have met with him several times, however, in Economic-Energy sessions.

This will be the fourth in a series of meetings with your new Cabinet officers. It is intended to enable you and the Secretary to get to know one another better, and to enable each of you to indicate general policy areas and approaches you consider important.

- B. Participants: Secretary of Labor John Dunlop, James Connor and James Cannon.
- C. Press Plan: Announcement to the Press. Press Photo opportunity at opening of meeting and David Hume Kennerly photo.



D. Discussion: The Secretary has suggested several items he would like to raise with you.

1. The title and role of the Special Assistant to the President for Labor Relations.

In January 1974, William Usery, in addition to his duties as Director of FMCS, was appointed Special Assistant to the President for Labor Relations. His mandate is the:

"coordination of the Government's mediation activities and other labor relations activities involving the public and private sectors of the economy, including airlines, railroads, trucking and Federal, state and local governments. The President has also asked Mr. Usery to submit to him recommendations for the systematic development of long-range governmental programs to promote labor-management peace in each of the sectors of his assigned responsibilities. In carrying out this responsibility, Mr. Usery will work closely with all appropriate governmental agencies."

Mr. Usery will be meeting with you following the Dunlop meeting.

2. National Mediation Board.

The Railway Labor Act established the National Mediation Board as an independent agency in the Executive Branch of the Government. The Board is composed of three members appointed by the President by and with the advice and consent of the Senate. No more than two members can be of the same political party.

The Board was established to mediate disputes arising in the transportation industry, specifically railroads and airlines. The Board differs from the Federal Mediation and Conciliation Service (FMCS) in that it exercises greater control over when the parties may be released to engage in economic actions against each other. The Board can, to some degree, control the timing of a work stoppage; however, it cannot prohibit one. FMCS has access to persuasive powers only.

It appears that the law does not provide the Secretary of Labor with any designated mediation function, nor any regulatory control over either FMCS or the National Mediation Board.



3. Coordination of Federal Civil Rights Efforts.

The Secretary suggests that there is a need to coordinate the EEOC, the OFCC in the Labor Department and government contract letting agencies. He thinks that present conflicting policies and rulings are undesirable and that an opportunity is at hand for coordination. He has spoken to Cap Weinberger about this matter as it relates to Universities and to Bob Hampton insofar as it relates to policies for government employment and the need to revive coordinated procedures.

4. Legislative Priorities.

The Secretary would like to discuss broadly a number of possible legislative matters in order to get your sense of priorities. The items he has suggested are:

- a. Longer term revisions of unemployment compensation.
- b. Farm labor relations.
- c. Federal labor relations.
- d. Construction labor relations.

5. Administrative Priorities.

The Secretary wishes to inform you of his administrative priorities within the Department of Labor. These include:

- a. Improving the quality of administration with OSHA, the Labor-Management Services Administration (pension reform) and the Office of Federal Contract Compliance.
- b. Improving communications with both labor and management.
- c. Long term structural reform in certain collective bargaining sectors particularly construction, maritime, cement and food distribution.
- d. Working with the Productivity Commission on ways of improving the long-term growth of productivity.



6. The Secretary would also like to discuss his approaches to Congressional and press relations and to solicit your reaction.
7. OMB has prepared a substantial background paper covering Department of Labor issues (TAB A). In it they make several points which parallel the areas Secretary Dunlop wishes to raise. These are:

- a. Unemployment insurance. The Labor Department study of Unemployment Benefit exhaustion, requested on March 5, is needed promptly in order to develop an appropriate Administration position. Preliminary results were requested by March 28.

The Department is pushing for its draft bill for changes in the permanent unemployment insurance law. Experience under the present temporary program, and a much more solid analysis of the need and effect of the proposed changes, are needed before a good bill can be prepared.

- b. Occupational Safety and Health. The many conflicting pressures on this program require sensitive management to assure that actions taken will decrease accidents and disease, and yet not cause unexpected adverse results in the economy. Almost 4 1/2 years after passage of the Act, DOL has not been able to reach agreement with other agencies having similar or overlapping authorities. Employers and employees cannot be sure which regulations apply to them, who will inspect them, and where to register complaints. Effort by the Secretary will be necessary to resolve these problems.
- c. Pension Reform. DOL's implementation of the fiduciary, reporting, and disclosure aspects of this new law is excessively slow: no implementation plan; no work priorities; unresolved issues; slow staffing. This area needs top management attention to avoid embarrassment.



8. In addition to the above, OMB has suggested that you might wish to stress to the Secretary the importance of implementing CETA quickly and effectively.
9. The Department of Labor has an extremely large role in Federal regulation. You might wish to discuss with the Secretary your views on the potentially harmful effects of regulation on economic activity. (The Secretary had not been sworn in by the time of the Cabinet session at which you discussed the catalytic converter.)
10. In your meetings with Attorney General Levi and Secretary Coleman you discussed areas in which they might cooperate with Secretary Dunlop. Attorney General Levi was concerned with illegal alien immigration and Secretary Coleman with mass transit contracting provisions and railroad work rules. Secretary Dunlop indicates that he has had discussions with both Levi and Coleman. You might wish to ask him to give you a progress report in these areas.

III. TALKING POINTS

1. John, I've had a meeting with each of my new Cabinet officers to discuss broad policy questions. I'd like to get your views and to give you my own.
2. I understand there are several areas you would like to discuss. Let's start with them.
3. John, I think that the administrative problems you've discussed relating to OSHA, OFCC and the pension area are of extremely high priority. I also think it is important that we make sure that we start out on the right foot with the CETA program. I hope you give it your personal attention.
4. John, I don't believe you had yet been sworn in when we discussed the catalytic converter at a Cabinet meeting. That case provides a good example of how we can lose control of the regulatory process and wind up paying an enormous price for our mistakes. I hope you will be sensitive to the problem and personally make sure that the regulatory process is continually examined to make sure that we don't continually pile costs unnecessarily on the American people.



5. When I talked with Ed Levi and Bill Coleman they indicated that they wanted to work with you on some issues. How's that coming?

6. I want you to know that you will have access to me when you need it. I've asked Jim Connor to meet with you regularly. If you need quick answers or want to see me, let him know.



Income MaintenanceUnemployment Insurance
(Manpower Administration)Permanent Law - Changes

The Department sought clearance for substantial amendments to the present law, among them: mandating coverage for farmworkers and some groups of State and local education and hospital workers; increasing permanent benefit duration to 39 weeks for some workers with Federal cost sharing; increasing the weekly benefits of workers by a Federal standard; revising the trigger for extended benefits; and increasing the Federal Unemployment Tax Act wage base and rate to improve the financing of the program. In January, after the recent enactment of a temporary law extending coverage, you enunciated a policy of no new spending programs and consequently consideration of the Labor proposal, which would take effect in 1977, was deferred pending an evaluation of the operation and costs of the temporary law. Little supportive material other than "soft" rationales was provided for the amendments. Costs associated with this proposal are \$3.5 to \$4.9 billion annually.

Temporary Law

We are presently faced with special interest legislation to provide health insurance either through continuation of private employer coverage or Medicare for unemployed workers. Both Labor and HEW have testified in opposition. Soon we will be faced with: (1) extension of the Special Unemployment Assistance Program (SUAP) which provides temporary coverage for up to 26 weeks to workers not covered by permanent law and terminates on December 31, 1975, and (2) possible increases in the maximum number of weeks the benefit can be paid:

- for covered workers from the present 52 to 65 weeks
- for "uncovered workers" from 26 to 39 weeks.

Policy has not been developed on the proper relation of benefit duration to economic conditions, or the distinction between UI and welfare. You recently asked for analysis of the problem of workers exhausting unemployment insurance benefits. This information will be needed to effectively address these and other potential legislative proposals.



Recommendation

That you urge Mr. Dunlop to assure that preliminary results of the analysis are ready by the end of the month.



Income MaintenanceBlack Lung Legislative Threat
(Employment Standards Administration)

The Federal Coal Mine and Safety Act of 1969 (FCMSA) provides Federal benefit payments for underground coal miners disabled by "black lung." Through 1972, the Social Security Administration was responsible for the program. Since then, DOL has been charged with determining eligibility for benefits, locating responsible coal mine operators, and assessing costs of benefits to them or their insurers.

The law is designed to make it easy for miners to qualify, and includes medically dubious "rebuttable presumptions", and limits the medical evidence that can be used to disqualify living or dead miners who worked at least fifteen years in underground mines.

The DOL administration of the program, although apparently well run and sensitive to potential beneficiary filing and adjudicatory problems, has not been able to settle claims fast enough for the unions and their supporters in Congress. However, major responsibility for current backlogs comes from delays in getting private doctor reports and a large volume of industry initiated appeals.

The House Labor Committee is now considering bills to add still more questionable medical presumptions - even to the point of effectively creating a Federal pension for some miners - and to change the nature of the program from a Federally enforced program of industry financed insurance or self-insurance to a permanent, Federal trust fund financed by a production tax.

This further Federal initiative into disability compensation would provide disincentives for State reform of workers' compensation and would be contrary to the Administration's efforts to work with them for reform of the existing systems. The looser presumptions and fundamental change to a permanent Federal program are unnecessary given the expectation of a drastically declining claims load (under current legislation) throughout the 1970's.



Income MaintenanceFederalization of Workers' Compensation
(DOL led inter-department task force)

The National Commission on State Workmen's Compensation Laws was created in 1970 to study State programs compensating workers (or survivors) disabled or killed in the workplace. The Commission recommended in 1972 that the States' primary responsibility for the program should be retained, but that State programs be improved by increasing coverage, benefit payments, medical care, and rehabilitation. It recommended that if States had not improved by July 1, 1975, the Federal Government should by law "guarantee" the improvements. A Williams-Javits bill in the last Congress would have set Federal standards for State programs and DOL preemption, in case of unmet standards, of State compensation insurance regulation. The Administration alternative to this attempt at Federalization took the form of an Inter-departmental Workers Compensation Task Force with inputs from Commerce, HEW, and HUD and led by DOL. In addition to giving technical assistance to the States as recommended by the Commission, it was given a research mandate for problems not thoroughly covered by the Commission. These include the excessive proportion of premiums collected going to administrative and legal costs and to compensation for minor injuries. The task force has a small staff (26 DOL and other agency personnel) and is lightly funded (\$700 thousand for research in FY 75). It has been so slow in arrangements for its contract research that the planned January, 1976 report to the President will probably be late. Limited State adoption of the recommendations of the Commission can now be reported. Very few States can be expected this year to extend coverage (especially to domestics and agriculture workers), or increase benefits to the extent recommended by the Commission, because of economic conditions and reluctance to increase the cost of hiring more workers.

The work of this task force is still the Administration's principal response to premature Federalization of workers' compensation. Although the legislative threat might have receded somewhat for 1975, the task force work must not be allowed to further lag in time and thoroughness if credibility is to be maintained.



Manpower ProgramsPublic Service Employment (PSE)
(Manpower Administration)

We are now committed to the expenditure of about \$4.1 billion for PSE in FY 75/76. These funds follow a program design created to meet many conflicting goals, but with the emphasis primarily on transitional employment opportunities leading to unsubsidized private or public sector employment.

In the Congress and elsewhere, PSE is also being advocated as (1) a substitute for the "dole" (unemployment compensation or welfare); (2) essential job creation, regardless of economic conditions; (3) fiscal relief for States and localities; (4) a vehicle to get the disadvantaged into the stability and good pay of the public sector work force; and (5) a device to counter excess unemployment. In the aggregate it can be shown that some of these are mutually exclusive goals, but that has not detracted from the power of the drive for more PSE.

The Labor Department has not done any serious in-depth analysis of potential economic and social policy goals, where and when PSE might fit into plans to meet the goals, and what types of PSE designs are therefore needed.

Without this kind of analytical framework, we are unable to provide more than a range of generic rebuttals to PSE advocates, and are therefore in a weak position from which to pursue our overall strategy of private sector job development.



Manpower ProgramsCETA Implementation
(Manpower Administration)

The Comprehensive Employment and Training Act of 1973 as amended (CETA), set up a nationwide network of State and local government prime sponsors responsible for planning and operating manpower programs, under broad Federal direction. The Labor Department performed very well in negotiating prime sponsorship agreements and subsequently has executed each successive grant or funding agreement (about 10 different sets in the last year) with reasonable efficiency.

Several significant problems seem to be developing. Activity reporting by sponsors is delinquent and inaccurate in many instances. Federal staff are devoting substantial time and effort to sponsor plan drafting and modification. The trend in regulation revision and field guidance is toward greater specificity, narrowing the area of sponsor flexibility. Despite the availability in the field of more than one full-time professional per sponsor, the Department continually requests more Federal staff to monitor sponsors. It took a major initiative from OMB to bring about a CETA evaluation plan that might make possible the development of data which is relevant to policy choices.

The Federal Government retains the ultimate responsibility to ensure that manpower funds are being used efficiently to meet the needs of the eligible population. This did not change with CETA. Federal staff should be focusing on providing quality technical assistance to sponsors so that they do not repeat the learning process the Federal Government went through since 1962. Staff must also ensure compliance with the Act. Apparently, some local responsibilities are being assumed by Federal staff, probably at the urging of the less experienced sponsors. It is also likely that the Federal staff are still inclined to focus on issues of a procedural nature rather than on program results. The pace at which we have put out ever greater increments of funds may be the cause of much of this. However, unless careful attention is given to these initial symptoms, the CETA program may lapse back into tight Federal controls over both major and minor operating strategies and tactics. The expected advantages of decentralization and decategorization will not even have been tested, much less realized.



Recommendation

It could be useful to our entire policy of greater reliance on State and local governments if you asked Mr. Dunlop:

1. to take a fresh look at CETA implementation to assure that the Federal Government is not assuming duties that properly belong to State and local governments,
2. to assure that the evaluation can tell us how decentralization and decategorization works and, over time, what measurable impact manpower programs have on the employment and earnings of participants.



Manpower ProgramsWork Incentive Program (WIN)
(Manpower Administration)

The WIN program, administered jointly by DOL and HEW, is intended to get recipients of Aid to Families with Dependent Children (AFDC) into jobs. The law, as modified in December, 1971, requires all AFDC recipients, unless exempt for such reasons as health or children under six, to register for work or training. HEW has the responsibility for providing child care or other supportive services needed to enable AFDC recipients to accept work or training. DOL has the responsibility of helping registered AFDC recipients, certified by HEW as ready for work or training, to find work. It also provides for on-the-job training, classroom training, or subsidized public service jobs to help registrants prepare for the regular job market.

For a year and a half, the two Departments have been trying to develop new joint regulations to change the program. The primary aim of the proposed changes is to increase the chances of placing AFDC recipients directly into jobs without going through the more expensive training or subsidized employment programs. The proposed regulations resulted in many public comments, including challenges to their legality. The agencies cannot agree on final regulations. The major issue is whether AFDC recipients registered for WIN should be required to look for a job before they have been certified as ready for work or training. OMB has prepared a decision paper for you on this issue.

In the meantime, the long wait for the new regulation has caused some confusion and demoralization in the Federal and State WIN staffs, and program operations are beginning to suffer.

More basically, we do not have good evidence that the WIN program can place significantly more AFDC recipients in jobs than would find jobs on their own. The most optimistic estimate of savings in welfare payments due to the WIN program do not approach the cost of the program. A major evaluation is underway, with preliminary results expected this summer, final results after the first of the year.



Recommendation

It may be appropriate in your meeting with Mr. Dunlop to stress:

1. The need for quick resolution of policy problems with HEW so that the best possible WIN program may be operated.
2. The need to complete as soon as practicable a meaningful evaluation of the program that will enable you to judge whether it is worth continuing at its current cost of \$315 million a year.



Manpower ProgramsEmployment Service (ES)
(Manpower Administration)

The Federal-State Employment Service (ES) in existence since 1933, which is 100% Federally financed, has been faltering. The proper role of the ES in today's labor market is not clear, and the Labor Department has as an objective the determination of its mission. A vast series of legislative and administrative policies have resulted in overlapping and conflicting goals and objectives making impossible any meaningful approach to measuring ES performance. The Department of Labor now allocates funds to States based on a method that provides incentives to increase placements. Not only is it not certain that placements are the best measure of ES accomplishments, but the placement data used is not good. Placements vary with respect to job duration and quality, yet there is no measurement of actual job retention. The sparse data collected on an ad hoc basis indicates that job retention is low. For example, a 1973 study indicates that only 43% of the employees placed in jobs with a reported duration of 150 or more days were on the job after 30 days.

As the ES does not charge either employers or employees for its services one would assume that if it effectively performs there would be high utilization. In all but a few States, mostly in the Southeast, there is little employer use of the ES.

With the enactment of CETA, the ES is no longer mandated to be the presumptive deliverer of services to manpower training programs. But the Manpower Administration using the slogan "to avoid the duplication of services" has put extreme pressure on CETA prime sponsors to use these services (and finance the costs) in spite of many sponsors' desire either to provide the services themselves or contract elsewhere.

A key question for the future of the ES is whether a nationally directed and funded program should be maintained, or whether States should share in its direction and funding.

Associated with Federal direction is substantial enforcement activity: inspection of migrant housing, assuring safe and healthful workplaces, and compliance with other Federal labor laws. This has set up a basic conflict between the role of ES as a service agency called upon by employers and its role as policeman.



Manpower ProgramsManpower Administration Management Problems
(Manpower Administration)

1. The Manpower Administration (MA) administers over \$21 billion in various programs of which \$17 billion is unemployment compensation benefits. The MA was created in the sixties in a shotgun wedding between bureaus conducting traditional employment service, unemployment insurance, and apprenticeship activity with a bureau created to operate poverty programs. In December 1973, the Comprehensive Employment and Training Act (CETA) did away with some 20 categorical programs operating through 10,000 direct Federal contracts and set in place block grants to about 400 States and localities.

Until CETA, MA was organized along categorical program division lines in headquarters. The personnel system was based primarily on a career series that offered near automatic grade increases annually feeding into the many divisions. The structural change force by CETA has left a sharply over-graded and apparently over-staffed organization.

Since the FY 74 Budget (the first post-CETA budget), the MA has not been able to provide justification for its personnel levels. Most effort has gone into supporting current levels, not developing workload factors. As a result there has been considerable pressure to reduce staffing. The MA has not responded with a manpower development program keyed to new responsibilities.

2. In the process of CETA development, we had urged development of an MA strategy that would take into account its full responsibilities: manpower policy development, training and employment programs, WIN, ES/UI, apprenticeship. The Department successfully argued that the process of obtaining basic decategorized manpower legislation could be muddied by dealing with these other issues. There has been little evidence in the post-CETA period of this strategy question being addressed.



Labor-ManagementPension Reform
(Labor-Management Services Administration)

The new pension reform law that was signed September 2, 1974 gives the Secretary of Labor new responsibilities affecting over 35 million participants and beneficiaries in over 750,000 welfare and pension plans. Implementation of these responsibilities is the subject of close business, employee and congressional scrutiny and has important implications for Federal administrative expenses, employer costs and cash contributions, assets management practices, and employee benefits.

DOL's first six month implementation effort has been dangerously slow. For example, no overall implementation plans exist, no workload priorities have been established, major substantive issues remain unresolved, and staffing-up for this new activity has been sluggish.

The FY 1975 budget estimate for the implementation of the new pension reform law is \$14.7 million and 435 positions. The DOL requested an additional 529 positions in FY 1976, but was denied because of the lack of workload data to justify such an increase. However, the DOL was informed at that time that if workload data becomes available which shows that the present resources are not enough to carry out the Department's responsibilities under the new law, we will consider requesting a supplemental appropriation for FY 1976.



Labor-ManagementFederal Labor-Management Relations
(Labor Management Services Administration)Background

The Assistant Secretary for Labor-Management Services has responsibilities under E.O. 11491 dealing with labor-management relations within agencies of the Federal Government. As a result of recommendations by the Federal Labor Relations Council, E.O. 11491 was amended by E.O. 11838 issued on February 6, 1975. The amendments to the executive order should go a long way towards quelling the criticisms of some of its opponents, expanding the scope of bargaining, and permitting the Assistant Secretary to take a more active role in unfair labor practice cases. However, the amendments stop way short of what some union officials would like to see, such as giving the Assistant Secretary the prosecutorial role, the creation of a tripartite Federal Labor Relations Board and more flexible provisions regarding unlawful job actions. Therefore we can expect the reintroduction of legislation to replace Executive Order 11838.

Recommendation

Secretary Dunlop should be made aware of the authority of the Assistant Secretary under the new executive order, and that the effective use of this authority is the Administration's best way to avoid legislation in this area. If additional resources are needed to carry out the new executive order, a supplemental appropriation should be requested.



Labor-ManagementFederal Law for State and Local Public
Sector Labor Relations
(Special Departmental Task Force)

There has been substantial pressure building in recent years for a Federal statute to regulate State and local government labor relations. This is partly in response to the pace of public sector unionization and also to the perceived proliferation of public employee strikes. The basic alternatives have been (a) simply applying intact the provisions of the current National Labor Relations Act, or (b) drafting a discrete statute tailored to this sector.

Administration spokesmen have consistently argued against any Federal law in this area on the grounds that we do not know enough about the appropriate path to take in light of the wide variance in State and local laws now on the books, the impact of such a Federal statute on State and local policy setting and budgetary systems, and the generic appropriateness of Federal regulation in this area.

However, internally we have recognized the growing need for substantive analysis that might suggest acceptable positions on key points should legislation become desirable or inevitable.

To this end, the Department of Labor was asked last fall to undertake the necessary analysis. A Labor task force had apparently already started work. To date nothing has been forthcoming from the Department.

There is a court case pending^o that re-raises the issue of the constitutionality of Federal regulations of State and local employment (in the context of the Fair Labor Standards Act) which may be delaying Labor's response. The analysis needs to be pursued without regard to the case, since the pressure^e for enactment of a statute may produce the need for Administration positions before the case is decided.



Labor-ManagementLabor-Management Reporting and
Disclosure Act (Landrum-Griffin)
(Labor Management Services Administration)

The National Commission on Industrial Peace, of which Mr. Dunlop was an ex officio member, recommended a "comprehensive review and examination" of LMRDA, particularly Title I, to see if it inhibits the exercise of leadership by labor representatives. Some argue that these "union democracy" provisions permit small minorities to impose their wills and prevent settlements of labor disputes. Mr. Dunlop may wish to initiate such a review.



Employment StandardsEliminating Discrimination and Setting Wage
Levels Through the Procurement Process
(Employment Standards Administration)Background

The Employment Standards Administration (ESA) is responsible for implementing several social-economic programs using the Government's procurement system. These include: (1) setting of wage levels and (2) the elimination of discrimination. The magnitude of the Government's outlays for procurement creates ample opportunity to use the system to accomplish selected national goals unrelated to the primary purpose of the procurement. However, this process is not without its problems. Its effectiveness in accomplishing these goals is perhaps over-rated. Each new program dependent upon the procurement system adds an additional burden to Federal contractors and becomes more costly and time consuming to administer.

Wage Determinations

The Davis-Bacon and related Acts and the Service Contract Act are intended to insure that the purchasing power of the Government is not used to support wage rates and labor standards below those prevailing in the various localities where the contracts are performed. Government-set wage and fringe benefits under both programs are frequently criticized by labor organizations, employer associations, Government agencies and other interested parties as being too low or too high.

The ESA wage determination program under the Davis-Bacon and related Acts has been one of the causes of rapid wage escalation in the construction industry, with its resulting inflationary pressures, and greater costs to the Government. Because of its inflationary nature, the President suspended the Davis-Bacon provisions for six weeks in 1971. The suspension was rescinded in March of 1971 and a wage-price stabilization mechanism was set up, including a tripartite Industry Stabilization Committee, with John Dunlop as Chairman.

While the DOL's administration of the SCA has been under just as much criticism as that of the Davis-Bacon Act, some movement has been made towards resolving the problems it has generated.



DOL and the major procurement agencies have formed a task force to study the problems and have developed proposals for their solution.

Elimination of Discrimination

E.O. 11246, Section 504 of the Vocational Rehabilitation Act, and Title IV of the Vietnam Era Veterans' Readjustment Assistance Act all require Federal contractors to take affirmative action to increase employment opportunities for selected groups of people. Such action must now be directed toward increased employment of minorities, women, handicapped, and veterans. All of these programs are based upon the Federal contract compliance program for minority employment, whose impact after eight years of operation is questionable. A large part of the program's ineffectiveness can be directly related to poor management. However, continuing to add requirements for other groups dilutes the effort and makes accomplishment of employment goals for any one group more difficult. Yet the number of programs modeled after this first Government compliance effort continues to grow despite the burden they place on Federal contracts, increasing cost to the Government and lack of visible signs of impact.



Occupational Safety and HealthGeneral

(Occupational Safety and Health Administration)

There are severe pressures on the DOL administration of the Occupational Safety and Health Act. Its management will have to be extremely sensitive because of the high levels of concern and criticism from organized labor, industry, small business, States, and other Federal agencies.

Organized labor can be expected to exert pressure to impede transfer of enforcement authority to the States under the Act, or to end DOL support of State programs altogether. They will urge strengthening of Federal enforcement powers, increases in numbers of inspectors, and faster issuance of standards. They can be expected to strongly criticize the Administration requirement to study inflationary impact as it affects OSHA regulations. They may object to occupational safety and health enforcement activities by agencies other than DOL (by DOT, for example).

Industry will continue concern about the cost of compliance with OSHA standards and the effect of DOL actions on labor-management relations. They can be expected to continue exhaustive court challenges to OSHA enforcement actions and regulations and to strongly criticize it through the media and political channels.

Small business interests and agriculture will continue to complain about DOL "harassment", their special difficulties with the Act, DOL administration, and cost of compliance. They will seek special assistance or exemptions from coverage even though a large proportion of occupational accidents and illnesses occur in small workplaces.

States are concerned about continued Federal support, fear excessive Federal monitoring, and will consider dropping out of the program, thus increasing Federal costs. Conflicts with other agencies will continue because of overlapping authorities regarding the same items in differing situations (e.g., hazardous materials) or regulations for different purposes (e.g., public safety and worker safety).



About 100 bills were introduced into the 93rd Congress to amend the broad powers of the OSH Act and a large number of these would have amended the OSHA relationship to small business. Many have been reintroduced. DOL has taken the position that any amendments to the Act would be premature before several years experience in administering this difficult program. Although hearings have not been held on any of these bills, FY 75 appropriations language was passed to limit recordkeeping requirements for small businesses and \$5 million was earmarked for consultative services to small business, evidence that pressures to amend the Act have grown. The Senate Committee on Labor and Public Welfare began oversight hearings last year and sent DOL for comment many GAO criticisms of program operations. Oversight hearings will be held again this year.

Almost every public action of this small and highly visible program is carefully watched by the interested groups for possible challenge. DOL should be aware of the difficulty of providing responsible management of such a program at a time of increasing public awareness of workplace hazards and the need to balance safety and health protection with its costs.



Occupational Safety and HealthHealth Standards
(Occupational Safety and Health Administration)

Except for the early adoption of national consensus standards, DOL has not been able to develop timely, widely acceptable workplace health standards. Much of the delay is due to the inherent difficulties in the occupational health field. Nevertheless, these problems have been enhanced by management problems, the fear of legal challenges, problems of coordination or agreement with other agencies regulating similar areas, and the OSHA relationship with the National Institute for Occupational Safety and Health (NIOSH) in HEW. NIOSH does most of the research upon which new OSHA standards are based. Cooperation between DOL and NIOSH is critical to progress in this area, and the DOL/HEW record of agreement on objectives has been dismal. (However, there are some signs of a better working relationship at the OSHA/NIOSH staff level on standards-related research.)

DOL has completed promulgation of only three new health standards (asbestos, fourteen carcinogens, vinyl chloride) and portions of two of these are being challenged in court. Eight have been proposed and a few more proposals are expected soon, but the backlog of hazards under study and of NIOSH research not yet converted into standards is huge. Another embarrassing problem is the EPA/DOL disagreement, in full public view, over DOL's proposed noise standards.

DOL has requested that OSHA standards be exempted from the executive order and OMB circular requiring inflation impact studies. (They did not assert that the requirement would impede standards development.) OSHA currently performs some economic impact studies for proposed standards but does not compare benefits with costs or measure inflationary impact. OMB believes that the E.O. requirements are not in basic conflict with DOL practices or needs.



Occupational Safety and HealthInteragency Jurisdiction Problems
(Occupational Safety and Health
Administration; Office of Solicitor)

The Occupational Safety and Health Act of 1970 states DOL's broad safety and health regulatory powers do not apply where other Federal agencies exercise jurisdiction. The law also required the Secretary of Labor to report to Congress in April, 1974 his legislative recommendations to avoid duplication and achieve coordination. Since passage, differing agency interpretations of legal powers and duties have forestalled most efforts to define interagency jurisdictional boundaries and eliminate gaps and overlaps. DOL has opposed any amendments to the OSH Act. OMB has encouraged negotiated jurisdictional agreements to give employers and employees an understanding of which Federal agency is responsible for what. Only one such agreement (with MESA in Interior) has been reached and DOL has shown some reluctance to follow it.

The DOL draft report to Congress, now almost one year overdue, was strongly criticized by other departments (Commerce, Defense, Interior and Transportation). It reflects an apparent strategy of relying on a series of court cases to resolve jurisdictional issues. In the absence of interagency agreements OMB has not cleared the report. A recent meeting among DOL, DOT, and OMB resulted in agreement on a method to resolve the issues between the two Departments. DOT is now taking positive actions to regulate worker safety and health in transportation areas, which may speed up agreements with six agencies of that Department. However, previous difficulties between the Departments suggest that some degree of OMB or other intervention may be necessary to achieve formal agreement.



Occupational Safety and HealthState Programs
(Occupational Safety and Health Administration)

The Occupational Safety and Health Act allows States to take over Federal occupational safety and health regulatory jurisdiction and receive up to 50% Federal financing under OSHA approved plans. OSHA monitors State operations to assure program effectiveness equal to the Federal occupational safety and health program. Organized labor has led opposition to the State programs because of the generally poor State performance prior to the OSH Act. DOL has encouraged the States to get into the program but has been slow to relinquish enforcement authority and re-deploy inspectors. Although the incentives allowed by the OSH Act are not great, 26 States are operating OSH programs under various stages of development and DOL approval.

Three important industrial States (New York, New Jersey, Illinois) with DOL-approved plans but no basic enabling legislation were recently given deadlines for that legislation by DOL and are expected to withdraw by June 30. The absence of such States poses a threat to the Administration's design for a Federal-State occupational safety and health partnership and immediately raises issues of the size and deployment of the OSHA enforcement staff. Although DOL agreed to develop OSHA enforcement strategies to increase State participation, no plans are yet available.



Occupational Safety and HealthFederal Enforcement Staffing
(Occupational Safety and Health Administration)

Because of emphasis in the Occupational Safety and Health Act and strong private sector interest, the size and management of the OSHA Federal inspector and State program monitor force will continue to be important issues. OMB has long sought from DOL a rational system for targeting inspections to achieve maximum impact of use of a necessarily limited inspection staff. (An annual inspection of each of the 2.5 million workplaces not covered by State or other Federal agencies could require 15,000 to 20,000 OSHA inspectors.) DOL resisted, and did not develop any plan until a Presidential decision in December 1974 to defer funds for 180 inspectors included in the FY 75 appropriation above the Budget request. DOL submitted and OMB approved an initial plan that included use of a computer model to allocate inspectors by State in rough proportion to the existence of workplace hazards. Inspections can also be roughly targeted according to accident rates. While usable for allocating a given number of inspectors and State program monitors, it cannot determine a needed inspector level or plan inspection targeting to maximize reductions in injuries or diseases. DOL has been asked to work on these deficiencies, other refinements and serious information gaps and to report progress to OMB.

OSHA can be expected to move soon to add inspection impact information in hopes of justifying some larger level of Federal inspectors. We believe it is more important to use that information to determine what should be inspected to achieve the maximum impact, and to develop other strategies when inspections have little impact.



GeneralDepartmental Mechanisms for Policy
Decisions and Follow-up

The Department of Labor has often not been able to produce quality analyses and recommendations for consideration in the development of Administration policy. There are also failures in attempts to carry out policy once decided. Much of this problem appears to be caused by the lack of an effective Departmental staff organization that can secure, distill, and integrate relevant inputs from all parts of the Department. As a result, reliance is placed upon the individual agencies, which necessarily have narrower perspectives.

Attempts have been made to establish such a staff, but at present three separate staffs claim to perform all or part of the overall function. None of the three now have strong leadership or top quality people. Policy and program development is assigned to the Assistant Secretary for Policy, Evaluation and Research (ASPER). Within his organization the Office of Policy Development is charged with developing and analyzing new programs or major program changes. The Office of Program Analysis and Special Studies is responsible for developing long term program strategy and annual programs for the entire Department, pulling together and analyzing available information on needs and program effectiveness. Lack of leadership in the offices has resulted in a dissipation of staff, so that little talent remains. Legislative development is handled primarily in the Solicitor's office, which relies primarily on its own staff and that of the agencies. The Assistant Secretary for Administration and Management has an Office of Budget, with responsibilities for annual program development, and an Office of Operations Review, responsible for tracking accomplishments against plans.

Although these two Assistant Secretaries and the Solicitor now sit with the Under Secretary on the Program and Budget Review Committee, their separate staff support tends to treat legislation, budget, and management issues affecting the same programs as isolated transactions. What is needed is the development of solid staff work to enable the Secretary and Under Secretary to choose and implement a consistent policy and emphasis, and to provide the quality advice needed by the President.



This problem is not unique to the Department of Labor, and the existence of the Program and Budget Review Committee is a positive step that could be a base on which to build a Departmental staff capability.

Recommendation

It may be appropriate in your meeting to emphasize your need for well researched, quality advice and alternatives from the Department, as well as effective mechanisms to track policy implementation, and to suggest that attention be given to the need for a strong central staff organization.



THE WHITE HOUSE
WASHINGTON

August 18, 1975

1) Edwards
2) Davis lines
This issue
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Dear Dick:

Thank you for your letter of August 4 regarding the issue of collective bargaining by public employees. I have passed it along to the proper people in our policymaking bureaucracy but will in addition keep it in my own mind when and if the subject surfaces at the President's level.

Kind personal regards.

Sincerely,

discuss

ROBERT T. HARTMANN
Counsellor to the President

Mr. Richard D. Obenshain
Co-Chairman
Republican National Committee
310 First Street, S.E.
Washington, D. C. 20003

✓ bcc: James J. Cannon III

212 W 15 W 13 22





Republican
National
Committee.

August 4, 1975

Richard D. Obenshain
Co-Chairman

The Honorable Robert T. Hartmann
Counsellor to the President
The White House
Washington, D.C.

Dear Bob:

I really enjoyed having lunch with you a couple of weeks ago, even though the subject was such a tough one.

I hope you will not mind if, on occasion, I pass along my informal personal comments on a pending political issue. As you have already found out, I have a tendency to do this.

I am convinced that one of the most important, although still perhaps latent, political issues is that of collective bargaining for public employees. The recent garbage workers strike in New York, as well as the thinly veiled threat of a postal workers strike, has brought this issue to attention again.

I do not want to belabor the issue in detail. I believe, however, that this issue is important to the future peace and happiness of this country. I think we must resist the growing tide of agitation for compulsory public-employee bargaining and take a strong and definite position on that subject.

The basic issue is, simply, whether the expenditure of taxpayers' funds is to be dictated by elected officials of local, state and national governments, or whether wages, salaries and benefits paid to public employees are to be established in a bargaining process by parties who have no responsibility to the electorate for these decisions. Secondarily, as has been demonstrated in almost every major showdown between public employees and their governmental employers, the threat of a strike is always effective and is never thwarted by the legal restrictions against strikes by public employees.

I hope it will not be presumptuous if I enclose a copy of the benchmark article on this subject by my old New York University Law School professor, Sylvester Petro. I am not suggesting it for your own bedtime reading, but felt it might be helpful to whichever of your assoc-



Hon. Robert T. Hartmann
Page Two

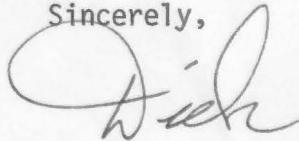
ciates might have a primary role in developing the President's future positions and statements on this subject.

One reason that this subject is still somewhat latent is because it has thus far been faced on a state-by-state level. Thus, faced with relentless pressure from liberal Democrats in the General Assembly, Virginia Republicans have become very concerned about this issue in Virginia. As a result of these local battles, a great many Republicans have developed a very strong, emotional commitment to the principle of preserving the legislator's ultimate right to determine the allocation of public money. They will be quite zealous in support of this principle in the coming election and, conversely, I believe they would be quite shaken if we were less than strong in our opposition to public-employee collective bargaining.

Please forgive me for going on so long, but my experience with this issue in Virginia has led me to be very concerned about its potential effect upon our national effort in 1976.

With kindest personal regards.

Sincerely,

A handwritten signature in cursive script, appearing to read "Richard D. Obenshain".

Richard D. Obenshain

Enc.

Richmond Times-Dispatch

DAVID TENNANT BRYAN, *Chairman and Publisher*

ALAN S. DONNAHOE, *President and Associate Publisher*

JOHN E. LEARD, *Executive Editor* ALF GOODYKOONTZ, *Managing Editor*

EDWARD GRIMSLEY, *Editor of the Editorial Page*

Thursday, July 3, 1975

The New Tyranny

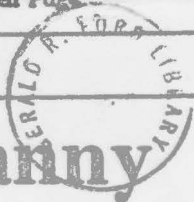
As the nation approaches its bicentennial, Americans are in grave danger of losing their freedom to public employe unions.

As this is written, New York City is in chaos, Pennsylvania's state government has come to a virtual standstill, and at other places across the country services vital to the well-being of the people are threatened by militant actions of unions of public workers.

The nation is facing a showdown

in some places, for laws forcing public employes to become union members.

A few courageous public workers are striking back at forced union membership laws. Fifty-seven Portland, Ore., city employes have filed suit attacking an ordinance under which they must pay union dues. Twenty community college faculty members in Minnesota have gone to court to claim that compulsory unionism



THE WHITE HOUSE

WASHINGTON

August 28, 1975

*OK
Jwe*

MEMORANDUM TO: JIM CANNON
FROM: PAUL THEIS *PT*
SUBJECT: AFL-CIO Labor Day Speech

Attached are proposed remarks for the President's use at the AFL-CIO Labor Day Celebration and Benefit in Augusta, Maine, on Saturday, August 30. The President will address approximately 6,000 people at the Augusta Civic Center.

May we have your comments, along with your initials on the attached clearance form by 10:00 a.m., tomorrow, Friday, August 29?

Thanks.

Attachments



CLEARANCE FORM FOR PRESIDENTIAL SPEECH MATERIAL

TO: THE PRESIDENT
VIA: ROBERT HARTMANN
FROM: PAUL A. THEIS
SUBJECT: AFL-CIO Speech

TIME, DATE AND PLACE OF PRESIDENTIAL USE: _____

10:15 a.m., Saturday, August 30, 1975, Augusta, Maine

SPEECHWRITER: Friedman

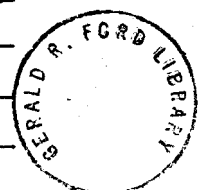
EDITED BY: Theis

BASIC RESEARCH/SPEECH MATERIAL SUPPLIED BY:

AFL-CIO, Research and Scheduling Offices

CLEARED BY (Please initial):

- (X) OPERATIONS (Rumsfeld) _____
- (X) CONGRESSIONAL/PUBLIC LIAISON (Marsh) _____
- (X) PRESS (Nessen) _____
- () LEGAL (Buchen) _____
- (X) ECONOMIC POLICY BOARD (Seidman) _____
- (X) OFFICE OF MANAGEMENT AND BUDGET (Lynn) _____
- (X) DOMESTIC COUNCIL (Cannon) _____
- () NATIONAL SECURITY COUNCIL (Scowcroft) _____
- (X) RESEARCH (Waldron) _____
- ~~(X) MARGITA WHITE (FYI)~~ _____
- () ENERGY RESOURCES COUNCIL (Zarb) _____
- (X) COUNCIL OF ECONOMIC ADVISERS (Greenspan) _____
- () OFFICE OF PUBLIC LIAISON (Baroody) _____
- (X) SECRETARY DUNLOP



(Friedman)

August 28, 1975

First Draft

REMARKS OF THE PRESIDENT AT THE AFL-CIO RALLY,
SATURDAY, AUGUST 30, 1975, AUGUSTA, MAINE

I can think of no better way to celebrate this special day than by your compassionate project to help the unfortunate children receiving treatment at the Pineland Hospital and Training Center. What you are doing for Pineland brings new pride to the Pine Tree State. A person never stands so high as when he or she stoops to help a child.

I am honored to participate. The efforts of the AFL-CIO of the State of Maine, and of all others here, to build something necessary for the children of Pineland are especially appropriate on Labor Day weekend. As a Nation, we pause this weekend to pay tribute to our country's working people. Let us this year give this weekend special meaning by considering, not only the working people, but the millions of our fellow citizens who are out of work through no fault of their own.

(more)



Here in Maine, and throughout New England, you have a work ethic of individual enterprise, Yankee ingenuity, skilled craftsmanship, and an independent spirit devoted to freedom. Your determination is as enduring as your legendary rock-ribbed coasts.

But you have endured more than your share. You are among the Americans who suffered the heaviest impact of recession, inflation, unemployment, and the energy crisis. I am aware of the special burden of the energy crunch on Maine and neighboring States. I am also aware of the frustration of individuals on fixed incomes. Today, I want to address myself to the working people -- and those who are temporarily unemployed -- in Maine, elsewhere in New England, and throughout America.

It is the people in line for jobs as well as the laboring men and women of America -- organized and unorganized -- whom we will honor on Monday.

(more)



Just as America is unique, so is our Labor Day a uniquely American holiday. In America, unlike some other countries, the goal of workers is to share in the national bounty, not to destroy the system that produces the bounty. Today, that system produces 85 million jobs. This represents 26 million more jobs than existed in America a quarter-century ago. It represents about 1.2 million more than just last March. American incomes and American working conditions are envied throughout the world.

Yet, all is not well this Labor Day weekend. This is no holiday for those who are out of work. It is no real comfort to point to statistics in other nations. The level of unemployment in the United States is too high by any standard.

I have heard references to so-called "acceptable" rates of unemployment. I do not recognize the acceptability of any level of unemployment as long as there are people who want to work and can't find employment. The policies of my Administration are designed to hasten the day when

(more)



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SATURDAY, AUGUST 30, 1975, AUGUSTA, MAINE

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The policies of my Administration are designed to hasten the day when

(more)



enough new jobs are created, on a sound economic base, to make every day "Labor Day," with all its rewards.

When statistics are published on the loss of jobs, there are some losses which are not published. I refer to the loss of hope among the high school and college graduates seeking their first job, the loss of self-esteem among the heads of household who are laid off, the loss of security and standards of living that people worked for years to achieve, and, most important of all, the loss of faith in America's future. These are tragic losses. They are losses that the United States of America cannot endure.

I pledge today to do everything in my power to generate new jobs. But to achieve the job stability we want, I will continue to oppose stop-gap programs that we cannot afford -- programs, conceived in panic and partisanship, that will lead to nothing but new rounds of inflation and even worse unemployment.

I agree with George Meany that jobs are what Labor Day is all about. I join with all working people on this occasion when America



honors its workers -- organized and unorganized -- in a determined resolve to put America back to work.

The door of the White House is open, as it has been since I became President, to those who champion the cause of America's working people. As long as I remain in office, this door will remain open. Nor will I close my heart to the plight of the millions who are unable to find work.

There have been favorable indicators of an easing of recession. The rate of inflation this year is less than it was in 1974. But putting America back to work is going to be a tough job for all of us. Making sure that the jobs our economy provides are good jobs with a good future -- real jobs and not make-work jobs -- is going to be even tougher.

We have been making progress. Since March, more than one



million persons have found jobs. But to get back to where we were just a year ago, we are going to have to produce 3.2 million more jobs.

And each year from now until 1980, as our labor force expands, our economy is going to have to provide work for another 1.6 million people. By 1980, we must create over 11 million new jobs.

That is a big order. It cannot be filled by government alone, or by industry alone or by unions or politicians acting on their own.

But the problem can and will be solved if we all work together, just as you in this hall are today united to help less fortunate human beings.

While the government can't do everything, it can do some things.

It can help stimulate the private sector of the economy to create

(more)



the jobs needed to put people to work and to provide work for those entering the labor force. During the past year, American workers and businesses received a tax cut to increase purchasing power and stimulate growth. It helped to create jobs and to enable us to move toward economic recovery.

Government can also provide the ground rules for fair play so that all workers have an equal chance to find a secure job that pays good wages under decent conditions.

During the past year, continuing improvements have been made in those laws designed to protect and advance the welfare of American workers.

A year ago, on Labor Day, I signed the Employee Retirement Income Security Act -- the long-awaited pension reform law -- to protect retirement and other earned benefits.

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We have also implemented a program to help American workers adversely affected by imports under the Trade Act. We have further revitalized training for the unemployed and marginally employed through revenue sharing with State and local governments. This Administration has provided for 310,000 public service jobs for the unemployed.

During the year, there has been a further increase in the minimum wage under 1974 amendments to the Fair Labor Standards Act and more people are now protected by the law against age discrimination in employment. We are in the process of developing new standards to protect the safety and health of American workers on the job, and have stepped up our attack against occupational diseases.

We are continuing to make improvements in programs to end discrimination because of sex, race, religion, age, national origin or physical or mental handicap in the workplaces of America.

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This year, International Women's year, we are making an even greater effort to help women achieve true equality in all areas of our society, including jobs.

There have been improvements during the year in programs to help returning servicemen find decent jobs. We have broadened our program for creative labor-management relations in the Federal Government.

The government must do the best possible job to protect the unemployed worker. While by no means an answer to the problem of unemployment, the unemployment insurance system keeps individuals and society functioning.

Some \$20 billion in benefits will be disbursed in 1975, providing a means of temporary income maintenance for unemployed workers. That money, pumped into the economy, serves as another built-in stabilizer by providing purchasing power to the unemployed worker.



It temporarily sustains the unemployed and even creates some new jobs.

I have proposed to the Congress necessary improvements to be made in areas such as adequacy and duration of coverage. Using new insights and experience, we will work with the Congress to improve the system.

I am aware that some workers in Maine and elsewhere have lost their jobs as a result of imports from abroad. Last May some 300 employees of the Allen Quimby Veneer Company in Bingham, Maine, became the first workers to be certified under the Trade Act of 1974 as eligible to apply for trade adjustment assistance.

For the first time in the nearly forty-year history of unemployment compensation in the State of Maine, your state applied this month for a

(more) "



\$2.4 million Federal loan to pay for unemployment insurance benefits starting in September. I am pleased to say today that we are granting Maine's request.

This Administration recognizes the equal importance to recovery of controlling inflation and of creating good jobs. These joint goals are essential to our program of restoring the strength our economy needs.

All of us -- labor, management and government -- must work together if we are to secure long-term health for our economy. This is the only course that will bring real jobs for all those who want and need them, and paychecks with stable purchasing power to maintain a decent standard of living.

We must increase productivity; improve our competitive position in world markets; provide needed new capital for

(more)



industrial growth at home; and develop new energy sources to meet our growing requirements. If we continue to make progress on all these fronts, we can make even more gains in creating jobs and in reducing inflation.

I call on business and industry to do everything possible to bring back laid-off workers, to reassess the job assignments of those employed beneath their true qualifications, and to give opportunities to young people eager to join the labor force.

I appeal not only to the patriotism and courage of America's working people but to these same qualities in business and industry.

I ask businessmen and industrialists to take a new look at ways in which productivity can be increased by rehiring and new hiring. I ask them to be more aggressive in seeking new markets at home and abroad to create new jobs.

One Labor Day point I want to make goes for every day of the year.

(more)



It does no good to call for wage restraint by labor without calling for price restraint by business and industry. Inflation -- whether caused by prices, wages, or taxes -- must be kept under control.

Economic progress depends on our ability to foster capital investment and increase the productivity of our workers. The share of our gross national product committed to private investment must increase significantly over the next few years if we are to reach our economic potential. Economists estimate that total investment requirements could go as high as \$4 trillion.

Our financial ability to increase production is declining. This decline is curtailing needed growth in jobs and income. It undermines our ability to compete internationally.

I am confident once this becomes clear to the American people they will understand the need for tax policies that will help to channel sufficient resources into the expansion of productive capacity.

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We must not condemn our fellow citizens to unemployment because the modern tools needed to compete in world markets are lacking.

This Administration has proposed reforms to the Congress to stimulate what economists call "capital formation" through tax incentives.

But I prefer the term "job creation." That is what my proposals are all about.

I ask the Congress to join with me in this commitment to our Nation's future, to more jobs, income and full economic recovery.

Additional capital cannot by itself revitalize the American economy and our free market system. We must also take steps to help restore the vitality of the marketplace. Effective competition is the way to do it.

Our Government too often has stifled competition in the name of economic regulation to the detriment of the consumer and job seeker.

(more)



In many industries, transportation, energy, communication, and others, Federal regulatory commissions have actually restrained free competition with a bondage of red tape.

Some regulations are necessary and appropriate. I refer to those protecting health, safety and the environment. But the reforms that we seek would eliminate the impractical and outdated.

As part of this effort to insure that we have a strong economic system, we must maintain an anti-trust policy which validates our commitment to competitive markets.

As we reduce Government regulation of business, we must be absolutely certain that our anti-trust laws are vigorously enforced.

Competition, when freed of Government regulation and supported by anti-trust laws, is the driving force of our economy. It will drive costs down and assure new jobs. That is the story of America's amazing growth.

To seek more jobs, my Administration will look at the whole range

(more)



of Government sanctioned monopoly -- from the small franchises protected by Federal regulations, which rule out competition, all the way to Government -endorsed cartels involving entire industries.

The Government has, in the past, done as much to create and perpetuate monopoly as it has done to control or eliminate it.

If companies combine to raise prices, it violates our anti-trust laws. But no laws are violated if an industry can get the Federal Government to build trade barriers, to increase support prices for the goods or services that it produces, or to restrain potential competitors or pricecutters. Growth is constricted. Again, jobs are at stake.

The Government too often walks with industry along the road to monopoly.

The result of such special treatment provides special benefits for a few, but powerful, groups in the economy at the expense of the taxpayer.

(more)



the consumer, and the unemployed.

Let me emphasize this is not an Administration of special interests; not of business interests; not of labor interests.

This is an Administration of the public interest.

We will not permit the continuation of monopoly privilege, which is not in the public interest. It is my job and your job to open the American marketplace. It is our job to create new jobs.

As we work together to overcome problems of individuals, let us remember our Founding Fathers' vision of a Nation in which people work for the common good of the Nation.

I have often stated my conviction that we must have a national defense second to none. Labor has stood at the forefront of the defense of liberty, in war as in peace. But defense must rest upon more than arms and armies. Defense depends upon the strength of the American individual, the unity of the American family, the food in the American kitchen, and the self-esteem that goes with the American paycheck

(more)



We must maintain the social fabric of America for the national defense to be credible. If we cannot believe in ourselves and in our future as a Nation, what will there be left to defend?

Two hundred years ago the patriots from Maine and other states risked their lives so that this Nation might be born. To win independence, they surmounted great individual differences in background, culture and outlook. They worked, and fought and died together for a common cause none of them could achieve alone.

Although conditions have changed greatly in two hundred years, I am fully confident that the spirit that saw us through in 1776 will guide us to a great future. I know that America's working men and women will be in the forefront. We depend upon you and we honor you.

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