

THE WHITE HOUSE

WASHINGTON

May 21, 1970

MEMORANDUM FOR

THE PRESIDENT

SUBJECT: Meeting with the National Science Board
May 22, 1970
10:30 a.m. (20 minutes)

I. PURPOSE

The purpose of this meeting is to permit the President to greet his new appointments to the Board, as well as the four recently nominated Assistant Directors of the National Science Foundation, and to discuss matters of concern in academic science.

II. BACKGROUND

A. The National Science Board consists of 24 Presidential appointees plus the Director of the National Science Foundation.

B. A list of the participants is attached at Tab A. Peter Flanigan will be the only staff member attending the meeting.

C. The Chairman of the Board for the last two years has been Dr. Philip Handler. A new Chairman and Vice Chairman will be elected by the Board just prior to your meeting.

III. POINTS OF DISCUSSION

The Board wishes to discuss generally the following problems:

1. The maintenance of quality in graduate scientific departments of American universities. The leveling off of funding has created severe problems in university financing generally and in financing graduate education and research particularly.

Recommendation

You may wish to affirm your commitment to the future progress of science and your recognition of the importance of the National Science Foundation in this effort.

2. The possible reorganization of Federal scientific activities. The Board has suggested in a report to you that an expanded National Science Foundation type of organization might develop a more comprehensive policy and priorities for future government activities in the sciences at universities.

Recommendation

You may wish to point out that the Ash Council has this subject under active consideration and that you are looking forward to receiving their comments as well as those of the relevant government agencies.

3. Current Campus Problems

The Board members represent a number of universities around the country and would like to briefly state to the President their concern about current campus unrest.

IV. OTHER POINTS YOU MAY WISH TO RAISE

A. If we are to be successful in convincing Dr. DuBridge to accept the post of Ambassador at Large for Scientific Cooperation, it will be important for you to emphasize the importance of international scientific cooperation at a meeting of this type. You should make it clear to all concerned that this is a vital area and that you personally feel that many more vigorous initiatives by the United States are required.

B. This will be your first meeting with Dr. William McElroy, the Director of the Foundation. Dr. McElroy is proving to be an effective Director of the Foundation. You might stress that you are looking to him to provide strong leadership in the scientific field and make it clear that he has your full support.

C. You may wish to greet personally the following two members of the Board. Dr. Athelstan Spilhaus, an internationally known oceanographer, is running for the Congress from Palm Beach as a Republican. Dr. Guy Stever, one of your new appointments to the Board, served as Chairman of the pre-Inauguration Task Force on Science Policy.

A handwritten signature in black ink, appearing to be 'P. M. Flanigan', written in a cursive style.

Peter M. Flanigan

NATIONAL SCIENCE BOARD MEMBERS

- DR. PHILIP HANDLER (Retiring Chairman, National Science Board),
President, National Academy of Sciences
- DR. E. R. PIORE (Retiring Vice Chairman, National Science Board), Vice
President and Chief Scientist, International Business Machines
Corporation, Armonk, New York
- DR. R. H. BING, Rudolph E. Langer Professor of Mathematics,
The University of Wisconsin
- DR. HARVEY BROOKS, Gordon McKay Professor of Applied Physics and
Dean of Engineering and Applied Physics, Harvard University
- * DR. ROBERT A. CHARPIE, President, Cabot Corporation, Boston, Mass.
- * DR. LLOYD M. COOKE, Director of Urban Affairs, Union Carbide
Corporation, New York, N. Y.
- * DR. ROBERT H. DICKE, Cyrus Fogg Brackett Professor of Physics
and Chairman, Department of Physics, Princeton University
- DR. WILLIAM A. FOWLER, Professor of Physics, California Institute
of Technology
- * DR. DAVID M. GATES, Director, Missouri Botanical Garden, St. Louis,
Missouri
- DR. NORMAN HACKERMAN, President, The University of Texas at Austin
- ** DR. ROGER W. HEYNS, Chancellor, University of California at Berkeley
- DR. CHARLES F. JONES, President, Humble Oil & Refining Company,
Houston, Texas
- DR. THOMAS F. JONES, JR., President, University of South Carolina
- DR. W. D. McELROY, Director, National Science Foundation
- DR. JAMES G. MARCH, Professor of Psychology and Sociology, School
of Social Sciences, University of California at Irvine
- DR. ROBERT S. MORISON, Professor of Biology and Director, Division
of Biological Sciences, Cornell University
- DR. GROVER E. MURRAY, President, Texas Tech University
- * DR. FRANK PRESS, Chairman, Department of Earth and Planetary
Sciences, Massachusetts Institute of Technology
- DR. JOSEPH M. REYNOLDS, Boyd Professor of Physics and Vice President
for Instruction and Research, Louisiana State University
- DR. FREDERICK E. SMITH, Professor of Resource Ecology, Graduate
School of Design, Harvard University
- DR. ATHELSTAN F. SPILHAUS, President, Aqua International, Inc.
Palm Beach, Florida
- * DR. H. GUYFORD STEVER, President, Carnegie-Mellon University
- * MR. RICHARD H. SULLIVAN, Assistant to the President, Carnegie
Corporation of New York, New York, New York
- ** DR. F. P. THIEME, President, University of Colorado

(*Appointed by President Nixon 1970 for 1st term on Board)

(**Reappointment for 2nd term) NATIONAL SCIENCE FOUNDATION STAFF

MISS VERNICE ANDERSON, Secretary, National Science Board

MR. WILLIAM J. HOFF, General Counsel

NOMINEES FOR ASSISTANT DIRECTORS

- DR. LLOYD G. HUMPHREYS (Assistant Director for Education),
Professor of Education and Psychology, Department of
Psychology, University of Illinois
- DR. LOUIS LEVIN (Assistant Director for Institutional Programs),
Executive Associate Director, National Science Foundation
- DR. THOMAS B. OWEN (Assistant Director for National and
International Programs), Chief of Naval Research
- DR. EDWARD C. CREUTZ (Assistant Director for Research), Vice
President for Research and Development, General Dynamics
Corporation, San Diego, California

May 20, 1970

Reid Science under attack

Sci has more to do than its done

Agree you see us

Approp of NSF up & more grateful

P interrupted: We're going thru period of great budget stringency
& it will pass

Demands in the non-mil field (esp consumer programs)
are so great -

+ as they go up & up - we just can't
give as much as we'd like to.

'71 Budget shows an increase

contin - But Sir, despite that -

P int It isn't enough!!

(laugh)

P lecture: In every society there must be a balance
look at parts of cities
of minority grps
of aged-ill

Ex. Preparation of a tax bill - many
considerations.

P. Don't try to copy out of the issue. I'm just
trying to explain that emphasis is people's place
on things (from the Congress) has to be
adhered to to some extent. And now
we're

Confer Since Schenck - 30 Bill on Sir
yet we live in a trillion dollar
era. That means Sir has given
this country the greatest return
on its investment history has
known.

Sen will meet Sir expenditure by 1970 in
FY 71

That's our problem, Sir.

Since FY 68 Sir has gone down grad in
its total capabilities. We're losing
to Sen in several areas. We're
no longer leading world - at that
we should.

P. Yes - we must always try!

Now brain drain has started - mostly
to Europe - but somewhat to Australia
not so much to Japan.

New subject - We've worked on - a document

re^{commended} creating of a new agency
by amalgamating pieces of existing
agencies

higher educ
advanced studies
etc in all disciplines

to provide a stability

OSU Council considering this

P. Let me speak to that. The terms of the federal
basis to univ etc comes from DoI)

It's

Let's face ^{the} facts: 2 forces at work which will
change that drastically

1) Congress

2) Students

I believe no univ should have it if it
doesn't want it.

Sen Mansfield feels deeply that these DoD subsidies
are bad.

Growing sentiment in Congress (not a majority yet in Defense)
opposing scientific subsidy.

It's been fun DoD because that's what the \$'s been.
That's been true a long time

Now that sit is changing. When chips are
really down maybe Congress will still vote \$ for sci
inclusion in Def field - But not if it were your
vote.

Announcing
We're coming to your news. ~~But~~ \$ vote as it is

Def Dept will not last as an umbrella for all of
this. VN war scaling down - fuel
soon be over. i.e. some reductions in DoD)

Discarding ^{chance stratagems of} some agreement at SALT.

10 min

i.e. looking down the road a long way -

1) VN war over

2) arms limitation agreement

Then more \$ can go into Domes & Sci & Tech

Yet - at that very time Congress & others

will want to cut DoD & S & T even more.

△ That's why we must start sorting out of
Def new these things which
might be hurt if left in Def-

P.g. Oceanography
etc

we must civilize these things

DWB - A few introductions

P- ^{oh yes - that}
Palmer Beach - Little pocket of poverty

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U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

JUN 20 1970

MEMORANDUM FOR

HONORABLE JOHN D. EHRLICHMAN
Executive Secretary Tantamount
Domestic Affairs Council

The situation of the lower-middle-income worker is one about which I have become increasingly concerned. This concern relates to all such workers--white, black, other minorities, and especially blue-collar workers.

This is a group which is not "making it" economically. They have received relatively little attention in the midst of the Nation's focusing on the urgent needs of the disadvantaged. A White House working group, under my chairmanship, has explored the dimensions of this problem. We are convinced that the economic plight and social situation in which these lower-middle-income workers find themselves is one that will result in continued pressure for inflationary wage settlements and continued hostility to the disadvantaged, unless significant steps are taken by the government to alter that situation. Our conclusion rests on the following analysis.

Forty percent of American families---including 70 million family members--have incomes between \$5,000 and \$10,000 a year and might be termed "lower-middle-income." The head of the household is usually a vigorous, fully employed blue-collar worker with heavy family responsibilities (although many of this group are also in white-collar or service jobs). The bulk of such workers reach a plateau in their capacity to earn by promotion or advancement; yet their expenses continue to rise, as the last family members are born, as they become homeowners, as car and home equipment pressures mount, as the children may become ready for college, or support is needed for aging parents.

The result is that income needs for a growing family rise faster than are normally provided by advancement. Family budget costs for a two-child family are three times the needs of a single individual.

Since opportunity for advancement is limited, the entire annual productivity-related rise in real wages, projected at about 3 percent, will, at best, enable him just to keep up with his increasing family needs. If such a worker wants to improve his real standard of living he must be able to move a good way up the job ladder, moonlight, have his wife work, or seek higher wage increases.

The pressure on wages promises to intensify in the next 5 years as those born in the post World War II baby boom move into their late twenties and early thirties and assume family responsibilities. These younger workers (25-34) are most militant at the bargaining table and they will represent 25 percent of the labor force by 1975, compared to 19 percent now: A higher proportion of the labor force than in the past will thus be facing heavy increases in their family budget costs in the coming years.

The tax structure offers little relief to such workers. Federal, State and local taxes, along with social security payments, add up to about 20 percent of gross earnings. By 1973, a married couple with an \$8,000 income who has two children will pay \$263 less under the Tax Reform Act of 1969 than it paid under the old law, not enough to resolve the budget squeeze. Deductions for family members are also still token in character. Moreover, the size of the tax exemption has no relation to the age of the children, even though budget costs for older children are much more than for younger.

Government aids which would increase income such as the minimum wage and job training programs are not for this group because they have presumably "made it." The ability of wives to augment income is also minimized by wage discrimination, lack of education and training, and lack of child care facilities.

The problem of restricted economic opportunity for the blue-collar worker also spreads into the next generation. The children of this group in our society are not

"making it" as are children in the middle and upper-middle classes. Only one-fourth of the youth in college are from the half of the families with a below-median income. And the high school dropout rate for this group often runs about 30 percent--yet government youth employment efforts usually exclude them.

The financial plight of the postal worker was typical of this group. Most postal workers are in a dead-end job situation. They could look forward to only limited pay advancement, well below the rate of increase in their family budget costs. Many either moonlighted or counted on their wives' earnings. These pressures visibly contribute to their dissatisfaction.

A social squeeze is also at work. The lack of visibility and status of manual, semi-skilled and skilled blue-collar workers in our society, when added to economic pressures, contributes to racial hostility. At the short end of the income class, they also get the short end of the social advantages. Living in close proximity to the poor and the near-poor, they rub up against these severe social tensions in their daily lives. They feel the relentless pressures of the minorities in their immediate neighborhoods, at the job site, in the schools, and in the community. Observing the welfare programs for the poor, they feel excluded and forgotten. As taxpayers they help pay the freight for "free riders" and get none of the apparent help.

Divided into ethnic and racial groups and relatively unorganized in a political sense, they turn to their unions. The blue-collar worker expresses his militancy at the bargaining table, seeking the quicksilver of more wages as the means of escaping from both the economic and the social squeeze. In the absence of attention to his specific problems by either political party, he will support politicians such as Wallace. (Outside of the South, 22 percent of blue-collar workers were sympathetic to him, vs. 10 percent of white-collar workers). Resentment against blacks and even against the government is likely to worsen with any increase in unemployment, continued inflation, together with a continued push for opportunities for the disadvantaged, plus the addition of returning veterans to the labor force.

I believe that the attached memorandum, prepared by Assistant Secretary Jerome M. Rosow consequent to the discussions of the working group (list below), presents a point of departure for reviewing and shaping an action program to deal with these aspects of the blue-collar worker's situation.

Such a program might include job upgrading and adult education to enable workers to get better jobs; child care tax allowances to permit more wives to work; continuing efforts to provide higher education opportunities for workers and their children; raising the status of blue-collar work; assuring better transportation, housing, and recreation facilities; improving workers' disability protection; and making the Federal Government a model employer of blue-collar workers. Such actions would, among other things, tend to ease pressure on wages, reduce racial tension and open up new and better opportunities for the poor, as those above them "move up."

I recommend that the staff of the Domestic Affairs Council take this project over with instructions to concentrate on the policy aspects of the problem. Initial ideas which might be considered are at the end of the Rosow memorandum.

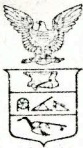
George P. Shultz

Secretary of Labor

Attachment

Members of the Working Group:

The Attorney General
The Secretary of Labor
Martin Anderson
Alex Butterfield
Harry Dent
John Ehrlichman
Peter Flanigan
Bob Haldeman
Bryce Harlow
James D. Hodgson
Jeb Magruder
Ed Morgan
Jerome M. Rosow
Don Rumsfeld
Herbert Stein
Daniel P. Moynihan



ASSISTANT SECRETARY OF LABOR
WASHINGTON

APR 10 1970

MEMORANDUM FOR THE SECRETARY

Subject: The Problem of the Blue-Collar Worker

The social and economic status of blue-collar workers has become a subject of increasing concern in the last few years. Recent reports have identified the economic insecurity and alienation which whites in this group have felt. What such reports have failed to note is that there are some two million minority-group males who are skilled or semi-skilled blue-collar workers who are full-time members of the work force and who share many of the same problems as whites in their income class. This non-white group also shares the same concern as white workers for law and order and other middle-class values. Many have moved from subemployment to low-income entry-level jobs, but they now feel blocked from further opportunity.

In 1968, 34 percent of all minority-group families were in the \$5,000 to \$10,000 income category. Of course, on the average, most black families are still not anywhere as well off as white families: The median income of all Negro families was \$5,590, that of all white families \$8,937. But the point is that both these groups have essentially "working-class" economic and social problems related to wage, tax and government benefit structure for the nonpoor--a fact not given adequate recognition by the media, which, to the extent it emphasizes only the black ghetto, perpetuates a stereotype.

We should recognize:

- (1) the common economic problem which many blue-collar workers have, of both races (mostly white, of course, in numbers); and

- (2) the common social problems concerned with housing, education, jobs and personal safety which are related to income class but also are a function of the close proximity of the blue-collar workers to disadvantaged people.

These two points are worth further consideration.

1. The Economic Squeeze

Forty percent of American families--including 70 million family members--have incomes between \$5,000 and \$10,000 a year and might be termed "lower-middle-income." The head of the household is usually a vigorous, fully employed blue-collar worker with heavy family responsibilities although many of this group are also in white-collar or service jobs. It is precisely when his children reach their teens and family budget costs are at their peak that two things happen to the bulk of such male bread-winners:

- * They reach a plateau in their capacity to earn by promotion or advancement;
- * their expenses continue to rise, as the last family members are born, as they become homeowners, as car and home equipment pressures mount, as the children may become ready for college, or support is needed for aging parents.

The American wage and salary structure does not respond directly to this situation, since it is based on the ethic of "equal pay for equal work." It does not provide additions for either growing family size or age (except as it may reflect job seniority); payment is exclusively for work done--the same pay is given to everyone in the same job; and, unlike the situation in many other countries, the wage structure is not supplemented by public payments based on family size, although income tax exemptions give some recognition:

- * Income needs for a growing family rise faster than are normally provided by advancement. Family budget costs for a two-child family are three times the needs of a single individual, according to BLS, while a typical semi-skilled steelworker's increase in job level results only in a wage rise of somewhat less than one and a half times.

The result is illustrated by the accompanying table, which portrays the case of a typical steelworker. The worker has some margin beyond his budget needs when he is young, but only if he saves and does not acquire a living standard commensurate with his pay. If he does not anticipate later family needs by adequate early savings--and usually he does not--he begins to be squeezed in his later thirties, and finds himself in deeper straits as his children reach their teens.

Many other industries have even fewer promotion opportunities than steel. A study of 11 major industries estimated that one-third of all non-supervisory jobs were "dead-end." The lack of an adequate adult education system geared to workers hinders movement out of these jobs. Relatively few firms have work-site education and few community colleges direct courses for upgrading purposes to blue-collar workers.

Upward job mobility is also hindered by age discrimination against older workers; by lack of detailed, free information about other jobs; and by the high costs of private employment agencies (which often have job openings which the Employment Service does not have).

The result for semi-skilled blue-collar workers as a whole is that, when general wage rate increases are added to increased individual earnings due to promotion, real income has somewhat less than doubled in the past two decades, which is still not enough to meet the cost of the same standard of living throughout the period. Males aged 45 to 54 years in 1968 who had one to three years of high school--the educational level typical of blue-collar workers in that age group--had increased their incomes by only 84 percent between 1949 and 1968.

Comparison of Family Budget Costs
and Steelworkers' Earnings

(1967 Budget Costs and Wage Rates)

Age	Family Status	Family Budget Costs		Pay Grade	Estimated Annual Earnings	
		Dollars	Index		Dollars	Index
22	Single	\$3,358	100	2	\$5,747	100
23	Married, no children	4,538	135	2	5,747	100
28	One child, under 6	5,627	168	7	6,629	115
38	2 children, older 6-15	9,076	270	12	7,510	131
41	2 children, older 9-18	10,347	308	15	8,039	140

Notes

- Budget costs and wage rates as of 1967
- Annual earnings are based on hourly rates, with no further adjustments for effect of seniority on immunity from layoffs and opportunities for more overtime and no allowance for the value of fringes.
- Grade 15 in the chart is approximately the midpoint of the U.S. steel job evaluation wage structure and is at beginning point of skilled craftsman wage scales.
- Family budget costs are based on BLS Moderate Living Standard for a 4-person family, spring 1967, and include occupational expenses, gifts and contributions, life insurance, social security payments, and Federal, State and local income taxes, in addition to the goods and services for family consumption. For equivalence scale appropriate for total budget--see Table A-1, p. 14, BLS Bulletin 1570-2..

The worker who established his standard of living when he was single or first married thus finds that he can maintain it only by:

1. Having saved when he was younger (which he didn't do); or
2. moonlighting on a second part-time job; or
3. having his wife work even in spite of the obstacles to doing so; or
4. continued pressure for wage increases.

If a younger worker has no opportunity for advancement, the entire annual productivity-related rise in wages, about three percent, is needed just to keep up with his increasing family needs. If such a worker wants to improve his standard of living he must be able to move up the ladder. The pressure on wages promises to increase as those born in the post World War II baby boom move into their late twenties and early thirties, and thus assume family responsibilities in the next five years. Workers in the 25-34 age group will represent 25 percent of the labor force in this decade.

This problem is intensified by inflation. Since 1965 money wages have advanced 20 percent, but real earnings measured in true purchasing power remained almost static. These men are on a treadmill, chasing the illusion of higher living standards. Thus their only hope seems to be continued pressure for higher wages. Their only spokesmen seem to be union leaders spearheading the demand for more money wages. They are overripe for a political response to the pressing needs they feel so keenly.

The tax structure offers little relief to this worker since it gives only small recognition to family size considerations. Even the Tax Reform Act of 1969 does not provide adequate relief to these families:

- * A married couple with an \$8000 income who has two children will pay \$263 less under the new law-- which doesn't fully take effect until 1973--than under the old one. This fails to bridge the budget gap described above;
- * Deductions for family members are token in character, even under the new tax law, and provide more at higher income levels than at lower or moderate levels (the \$750 deduction is a tax savings of \$125 for the person in the 16 to 17 percent bracket and \$300 for the person in the 40 percent bracket). Moreover, the size of the tax deduction has no relation to the age of the children, even though budget costs for older children are more than for younger.
- * There is no provision for tax relief as family education costs rise, either in terms of the \$100 a year that it costs to send a child to school or the additional cost of going to college.
- * Regressive State and local taxes also hit heavily at this group. Average State and local taxes are almost \$700, and have increased rapidly in recent years. Moreover, in at least some states income is redistributed from lower-income to higher-income groups to subsidize higher education for the children of the latter.

Government policies on child care designed to enable the wife to work also give little relief. At present, families with income of \$6900 or above cannot deduct child care expenses. This figure was set in the Internal Revenue Act of 1964 and is now unrealistically low. Adjusted to current prices the ceiling would be about \$8200. Government child care centers under Headstart

and WIN are for the "poor," and so do not help this group. Their costs for child care (when not provided by other family members) may run from \$25 to \$40 a week. The Family Assistance Act of 1970 will aggravate this problem. Welfare mothers will receive subsidized child care to facilitate their move from welfare to work. Lower income mothers who seek work and are outside the welfare system will incur the full cost or be unable to add to family income.

Finally, high transportation costs, wage discrimination and lack of education and training also discourage many blue-collar wives from working or minimize their contribution to family income. Yet it is precisely working wives who make very meaningful contributions to the family income, and who have the potential to make even more: In the 40 percent of husband-wife families where wives do work, median income in 1968 was \$10,700, compared to \$8200 where they didn't. Part-time employment has almost doubled since 1956 and provides a new opportunity for more women to combine work with family responsibility.

The problem of restricted economic opportunity for the blue-collar worker also spreads into the next generation. The children of this group in our society are not "making it" to the same degree as are children in the middle and upper-middle classes.

Despite the broadening base of college enrollments, we still find marked evidence that the lower-income groups have a much smaller proportion of their children continuing beyond high school. Only one-fourth of the youth in college are from the half of the families with a below-median income. Worse yet, the great majority of high school dropouts are not from the disadvantaged ghetto population. Many white and black school dropouts are from this lower-middle-income group; in some of the urban areas the dropout rate for this group runs about 30 percent. Here we sense the stirrings of a new type of unfortunate cycle, as some of the children of these blue-collar workers are unable to achieve a reasonable entry into productive society. Twenty percent are unemployed in the fall following the year they drop out of school. Present efforts to reduce youth unemployment (e.g., Neighborhood Youth Corps) are geared to disadvantaged youth--not these people.

Other government aids--minimum wage, training, welfare payments--are not for this group because they have presumably "made it," and whatever the government may have done to keep employment and jobs up generally has faded or is overwhelmed.

Economic insecurity is compounded by the fact that blue-collar workers are often the first to feel the effects of an increase in unemployment, feel most threatened by automation, and are also more dependent on sheer physical health for their livelihood than white-collar workers. Yet there is inadequate protection for temporary or permanent disability under State workmen's compensation laws.

There are other dimensions to the problem too: the shortage and high cost of housing; the high cost of medical and legal services, the lack of inexpensive entertainment and recreation facilities (e.g., few summer camps for the worker's children).

All these factors add up to an economic squeeze and insecurity for the working man. We have no package of solutions to deal with this problem. However, in fashioning any attack, certain things should be recognized: (1) that government aid being given to the disadvantaged is sorely needed, and (2) that it would be impossible and undesirable to try to modify the American wage structure; and (3) that almost anything which could be done by the government would cost money.

II. The Social Squeeze

People working and living close to the margin of economic needs are under constant pressures. These pressures have an economic base but find other outlets, other frustrations of a social nature.

People in the blue-collar class are less mobile, less organized, and less capable of using legitimate means to either protect the status quo or secure changes in their favor. To a considerable extent, they feel like

"forgotten people"--those for whom the government and the society have limited, if any, direct concern and little visible action.

Some of the problems which "bug" the blue-collar class include:

- * Fear of violent crimes. This is a growing fear of crime in the inner cities and this fear is spilling over to the outer ring of the metropolis--primarily areas where they live. Economic immobility blocks a flight from these conditions.
- * Class status. Many of these workers are immigrants or sons of immigrants, they feel unsure about their place in the "mainstream" of American society. Some live in mixed neighborhoods--feeling the pressure of constant succession by lower status groups, especially minorities. As the minorities move up a bit, they squeeze these people. Minority inroads in housing, schools, and jobs create fears. They worry over merging of seniority lists, changing entrance requirements for jobs, and lower admissions standards for public schools.
- * Feeling of being forgotten. These people are most exposed to the poor and the welfare recipients. Often their wages are only a notch or so above the liberal states' welfare payments. Yet they are excluded from social programs targeted at the disadvantaged--medical aid, housing, job training, headstart programs, legal aid, and the like. As taxpayers, they support these programs with no visible relief--no visible share.
- * Educational level. Since most blue-collar workers have barely completed formal high school education, they have limited leverage to change occupations, and they have limited mobility to use their education as a lever to escape from their economic and social problems. Overt hostility between ethnic and racial groups is probably greater between less educated groups than between more educated groups. Thus,

the blue-collar worker is more prone to transfer his economic and social frustrations to racial and ethnic prejudices, and of late to overt hostilities.

- * Low status of blue-collar work. The American working man has lost relative class status with the growth of higher education. Changes in the nature of the labor force have dramatized the professional and technical experts to the relative detriment of the skilled worker. Skilled workers also have hostility toward those below them at semi-skilled and unskilled levels and the feeling is mutual. But all blue-collar workers, skilled or not, have been denigrated so badly--so harshly--that their jobs have become a last resort, instead of decent, respected careers. Manual and skilled occupations have become almost invisible in terms of the propaganda of today. Fathers hesitate--and even apologize--for their occupations instead of holding it up as an aspiration for their sons. This attack has been so strong, so emotional and so unfounded that the workers have suffered a loss of self respect and the nation is suffering a loss of future manpower.

Low status also derives from the working conditions and nature of much unskilled and semiskilled work. Much of it is oppressively tedious, noisy, and mind numbing, with little room for human contact. Research has found a significant relation between poor mental health and such types of work.

Let us examine the problem of the low status of blue-collar work further:

According to union leaders, the blue-collar worker increasingly feels that his work has no "status" in the eyes of society, the media, or even his own children. While the nation has, in recent years, sold the importance of science and technology to our younger people, it has neglected to communicate the importance of some ten million skilled blue-collar workers who are responsible for transforming the ideas of scientists and the plans of engineers into tangible

goods and services. These workers make and maintain the models, tools and machines without which industrial processes could not be carried out. They exercise considerable independent judgment and are responsible for extremely valuable equipment and products.

A good auto mechanic, for example, must know hydraulics, pneumatics, electricity, and some chemistry and other skills. Yet many youth learn that status accrues to the white-collar job (and so "prefer" it) even though a job in coveralls, such as mechanic, may pay better. The average mechanic working for a metropolitan auto dealer earns nearly \$10,000, yet there is a short supply of them due to lack of interested youth. A recent survey showed that only one out of four male high school seniors wished to work as blue-collar workers, even though almost half of all jobs in the economy are blue-collar jobs.

Schools tend to reinforce this tendency, since most teachers know little about blue-collar work. So do the media; the only publicity given to workers is when they are out on strike and there they are often shown in a bad light.

Adding to the problem is that fact that the long-term narrowing of manual skill wage differentials (temporarily halted) has relatively worsened the position of semi- and skilled blue-collar workers compared to the unskilled. At the same time, high-skilled white-collar workers have been making substantial and publicized improvements in their economic position, with salary increases often far higher than wage increases. Furthermore, the educated workers with college and advanced degrees have been getting the biggest pay gains.

The result is chronic and inflationary shortages in many skilled blue-collar fields; a feeling of "failure" for the many youth who won't get white-collar jobs; exacerbation of racial friction when black youth refuse to take "dirty" blue-collar jobs offered them "by a white society," even when they may be good-paying; and a general resentment by blue-collar workers which is translated into wage demands.

Resentment is likely to worsen with any increase in unemployment, together with a continued push for opportunities for the disadvantaged, plus the addition of returning veterans to the labor force.

III. Possible Directions for Action

Our attention has been focused on an analysis of the economic and social situation faced by the blue-collar worker and not on private or public steps that might be taken to relieve the pressures he faces. Still, the analysis itself identifies several specific areas of concern:

- * Upgrading. What can be done to assist the worker in moving out of a dead-end job?
- * Income. Upgrading will provide more income, but this may need to be augmented by a job for the wife, and perhaps in other ways.
- * Expenses. The workingman's budget squeeze can be relieved through subsidized housing, transportation, recreation, and education and various kinds of tax relief.
- * Social Issues. Such things as low status of blue-collar work, poor urban environment, and inadequate medical facilities contribute to a feeling of neglect and should be addressed.

Again, though we have not developed a specific action program, some ideas appear worthy of consideration by the Nixon Administration to reach out and come to grips with many of the basic needs:

1. Job Upgrading

The JOBS program is placing a new emphasis on upgrading for both disadvantaged and others but even more manpower services could be provided the blue-collar worker. Much authority exists but imaginative proposals are needed for such things as instruction in plants, community college courses designed to meet specific

skill shortages, worker leave of absences, and loans for non-instruction expenses. The Employment Service could do more to help the blue-collar worker get ahead-- through such steps as counseling and upgrading, soliciting jobs for experienced workers and opening its offices nights and Saturdays to serve the employed as well as the unemployed.

2. Child Care

The Nixon Family Assistance Plan will provide child care facilities for welfare mothers who go to work. Child care facilities might next be provided to slightly higher income groups on a partial fee basis. This would enable many more mothers to work and relieve the costs of child care for those who already work. Steady expansion of part-time employment opportunities can open new avenues for wives to work without neglecting their family role. Tax relief for child care is now limited to families earning less than \$6,900 and this could be raised to \$10,000 with deductions increased to \$900 for the first child and \$1,200 for two or more children. This change can be made with little revenue loss. The public pressure for action in this area is expected to mount.

3. Education for Adults

The Vocational Education Act of 1968 is already financing evening courses for about three million adults. However, this meets only a fraction of the need. Moreover, above and beyond vocational education, there is a need to allow workers to study for high school diplomas and for two-year community college degrees. For many blue-collar workers and their wives, the result should be new or better jobs and promotions. Increased education also frequently leads to less racial hostility.

4. Higher Education for the Worker's Children

The right to higher education implicit in the President's Higher Education Message for college loans and grants where families are earning less than \$10,000 is a significant promise to the blue-collar workers. The President also proposed a \$100 million program for training in critical occupations in community colleges. This should be the first step in a steady thrust toward increased Federal support of these colleges which are of such importance to the blue-collar worker's children. These opportunities should be targeted to these people.

5. Tax Policy

The Tax Reform Act will give a tax reduction to families earning \$5,000 to \$10,000. However, this does not go very far in alleviating the squeeze on this group. Revenue sharing should be emphasized since it will tend to help them by raising taxes through the progressive Federal tax system rather than through the regressive local and State systems. In addition, a review should be made of possible further ways to relieve the tax burden on this group, including possibly increasing the amount of the tax exemption for older children, since budget costs for them are greater.

6. Higher Status for Blue-Collar Work

Efforts should be made to enhance the status of blue-collar work. Public relations work would help, as would more effective guidance and placement in blue-collar jobs by secondary schools (including more visits by workers to the schools). Other possibilities are National awards for outstanding craftsmen; portrayal of various skilled trades on postage stamps; a series of vocational guidance films for youth, on skilled trades; programs for school teachers to visit plants and offices; training for foremen and supervisors; Federal standards for decent working conditions and/or establishing a Job Environment Subcommittee of the Environmental Quality Council, to investigate oppressive noise, heat, air pollution, and the like.

7. Recreation Facilities

Recreation and vacations, a major problem for the blue-collar worker and his family, might be made more available through vest-pocket parks, more development of public lands near metropolitan areas, and mortgage guarantees for low-income recreation facilities.

8. Transportation

Automobile expenses are a major expense item to the blue-collar worker. Moderate budget costs for the U.S. automobile owner are more than \$900 yearly for replacement, insurance, and maintenance. More mass transit is part of the answer. If "no-blame" auto insurance would reduce costs as much as has been claimed, it might also be helpful.

9. Housing

Action has been taken to pump more mortgage money into the housing market which should increase the houses available to low-income workers and reduce their cost. The most significant potential for reducing housing costs is probably in Operation Break-through and other efforts to increase productivity in construction. HUD and the Domestic Council are obvious focal points for policy direction.

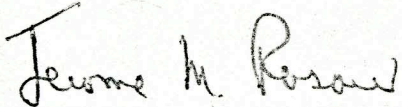
10. Disability Protection

On the job and off the job accidents are still a major hazard for the working population. New attempts should be made to develop modern temporary disability insurance and workmen's compensation systems.

11. The Federal Government as a Model Employer of Blue-Collar Workers

The Federal Government should continue its policy of wages comparable with private employment. But it could go beyond this on non-wage matters. It could become a model employer by careful attention to such things as upgrading possibilities, subsidized child care, part-time employment for women, and partially subsidized recreation and vacation facilities for low-income Federal workers.

The White House working group under your chairmanship could develop feasible ways by which to meet the needs of blue-collar workers in some or all of these areas.

A handwritten signature in dark ink, reading "Jerome M. Rosow". The signature is written in a cursive style with a large initial "J" and a prominent "R".

Jerome M. Rosow
Assistant Secretary for
Policy, Evaluation and Research

THE WHITE HOUSE
WASHINGTON

Parkinson

John Brown

MTJ

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MEMORANDUM

THE WHITE HOUSE
WASHINGTON

July 17, 1970

MEMORANDUM FOR: REX SCOUTEN

FROM: DWIGHT L. CHAPIN

RE: Dinner Dance for The Royal Highnesses

Per the attached letter from Walter Annenberg to the President dated July 16, 1970, you will note that the Ambassador has asked for the privilege of defraying the expenses of the dinner dance to be held the evening of July 17th in honor of Prince Charles and Princess Anne.

Will you please see that whoever handles the accounting of this party for the White House gets in touch with Ambassador Annenberg and forwards the necessary paperwork for him to review prior to paying the expenses. You may wish to talk to the Ambassador while he is here to find out who on his staff would be the proper person for us to work with. In any case, the Ambassador has suggested that he would like to see the bills for the party. We should work out the details of how this is going to be handled with him just as soon as possible.

cc: Mrs. Stuart
Mrs. Winchester
Mr. Butterfield



THE MADISON
WASHINGTON 6, D. C.

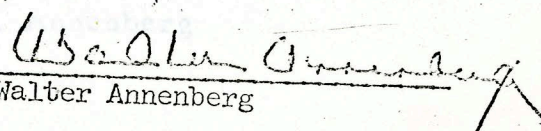
July 16, 1970

Dear Mr. President:

Accompanying the Prince of Wales and his sister, Princess Anne, from Winnipeg today was the happy culmination of the invitation I had originally suggested to you many months ago when I learned Her Majesty was taking them to Canada. That Charles and Anne might spend a few days with your young people was an exciting thought for your Ambassador.

It is indeed my hope that you would not regard as presumptuous if I sought the privilege of defraying the expense of the Dinner Dance tomorrow night. Having known Tricia, Julie and David from infancy, and having warm admiration for their Royal Highnesses, I do trust that you will accede to my suggestion.

Sincerely,


Walter Annenberg

The Honorable Richard M. Nixon
The White House

July 17, 1970

Dear Walter:

The gracious and very thoughtful offer so typical of your kindness has just reached me. Valuing your insights as I do, I was especially pleased to note your comments on the visit and I accept your exceptionally generous suggestion. Whenever the annals of friendship are written, surely the Annenbergs will take an outstanding place within them.

With warmest personal regards,

Sincerely,

The Honorable Walter H. Annenberg
American Ambassador
London

RN:NМ:blm

July 23, 1970

TENTATIVE PLAN

CONGRESSIONAL SPENDING -- HIGH COST CONGRESS

Description:

There will be a deficit in the fiscal 1971 budget which will probably become known before November. It is expected that this will be a major issue in the Fall campaigns.

Objective:

To identify the Democrats in Congress as big spenders who are responsible for higher taxes and higher prices and to increase public awareness of the fact that the Nixon budget has placed priority on human resources rather than space or defense.

The President:

Request that the President consider accompanying each veto with a strong message which deplores excessive spending

Consider making excessive spending the theme of a major speech this Fall.

To Date:

A package consisting of the President's statement and remarks at his Monday press conference, a transcript of the press briefing by Shultz and Weinberger, and Secretary Kennedy's Hill testimony was sent under a Kennedy cover letter to financial editors, New York financial writers and Republican Senators and Congressmen.

On Monday, Caspar Weinberger briefed eight leading financial writers in Herb Klein's office. One direct result of this briefing was an excellent article by Hobart Rowen in today's Washington Post

A U. S. News & World Report interview was arranged for Caspar Weinberger, which

will run next week.

Follow-up:

Set up regional briefings across the country designed to saturate the local press with our message. This plan would divide the country into regions around the key cities of Seattle, San Francisco, Los Angeles, Dallas, St. Louis, Chicago, Detroit, Atlanta, Philadelphia and Boston. During a period of one week, we would send out second and third-level spokesmen to speak in the smaller cities in the region. During the same week, we would send one top-level spokesman to the key city within the region for a major address.

The major spokesmen would be drawn from a group consisting of Shultz, Weinberger, Kennedy, Stans, McCracken, Stein and Mann. The lower-level briefers would be drawn primarily from the Assistant Secretaries and Deputy Assistant Secretaries at Treasury and Commerce.

All of the spokesmen would speak to service clubs, Chambers of Commerce and consumer groups. They would hold press conferences and backgrounders as well as participating in local radio and TV talk shows.

The briefing activity would be spaced over August and September to avoid putting excessive demands on our spokesmen.
--Magruder

Use the RNC's research apparatus to devise a "Responsibility Rating" system for legislators who vote for big spending. This would be similar to the ADA and ACU ratings except that we would use only ten

key votes to make the rating. The ratings would be publicized through the RNC's publications and mailing system. They might also be made available to the candidates as campaign material.
Safire/Magruder

Set up a "Price Fighters League" as an outside group of women who call attention to spending that causes higher consumer prices. Pat Hitt has agreed to furnish a list of women, one in each state, who would be members of such an organization. With this type of set-up, they could publish both national and state releases.
--Magruder

Identify the inflation lobby and attack them publicly. A major speech by the Vice President would be the perfect kick-off and we could then follow-up with syndicated columns and TV comment until we had generated a new controversy. This would also be a good target for the "Price Fighters League" mentioned above.
--Magruder

Have Morton make an all-out attack on big spending as a campaign issue. He has already taken this on, but the attack could be intensified in press conferences MONDAY.
--Magruder

Request that Morton send a letter to his political structure, including Republican candidates, which emphasizes the importance of this issue. The RNC should then follow-up by providing a constant flow of information to this group, such

as the President's veto messages, research material, etc.

--Magruder

Have the RNC design an "inflation index" which would run periodically in MONDAY. This index, like a barometer, would show how each new spending action by the Democrats would increase inflation and contribute to higher prices.

--Magruder

The RNC could begin a profile series in MONDAY on key big spenders in Congress such as Gore, Kennedy and Harris. Each profile would discuss the estimated cash outlay for the Democrat's legislative proposals during this session and point out how they would bankrupt the federal government. An example would be Senator Harris' \$5600-a-year alternative to the Family Assistance Plan.

--Magruder

Arrange for a letter to be sent to the President from a large group of Republican Congressmen stating their support for his efforts to hold down spending. This would help identify the Democrats as the irresponsible spenders.

--Timmons/Nofziger

Request outside groups, particularly businessmen and service organizations, to issue statements of concern over high spending and write letters to Congress.

--Colson

Request the support of union leaders to point out how spending will result in increased inflation and less real dollars in the pocket of the average workingman.

--Colson

Arrange TV interviews and talk shows for Shultz and Weinberger.

--Snyder

Have our Congressional supporters like Hansen, Bellmon and Curtis record radio actualities.

--Nofziger

Arrange for the appropriate Cabinet officer to speak out on excessive spending in the area of responsibility. For instance, Secretary Richardson and the Education Bi.

--Klein

Arrange daily press briefings during the budget meetings in San Clemente the week of July 27th. McCracken on Monday (economic meeting); Shultz on Tuesday (defense budget); and Ehrlichman on Wednesday (domestic budget).

--Ziegler

Arrange for the Vice President to speak on Thursday, July 30th.

--Magruder/Sohmer

Arrange "spending" columns with syndicated columnists like Buckley and Kilpatrick.

--Klein

Try to arrange Look, Parade and Reader's Digest articles on the effect of inflation on the blue-collar worker.

--Klein

Initiate a continuing letters-to-the-editor campaign on Congressional spending.

--Magruder

The RNC should publish a campaign brochure about the historic reordering of priorities brought about by the Nixon Administration. This should hit heavily on the human resources theme and point out how the Nixon budget -- for the first time in 20 years -- includes more for human resources than defense.

--Magruder

Project Managers: Safire/Stracham