TO THE CONGRESS OF THE UNITED STATES:

In my message of April 2, I described the outlines of the government's settlement with its postal employees, and indicated that my proposed legislation to make it effective would be sent within ten days.

Today, with negotiations concluded, I am transmitting to the Congress the legislation necessary to:

-- set up an independent Postal Service, free from political pressures and capable of modernizing the service and speeding the mail;

-- provide the framework for genuine collective bargaining for postal employees;

-- provide a pay increase of 8% to postal employees, in addition to the government-wide increase of 6%;

-- raise the necessary revenues to put the new postal service on a pay-as-you-go basis.

I. The Independent Postal Service

The postal employee organizations and the Post Office Department have agreed that the jointly-sponsored postal reorganization and pay bill must provide a structure that will permit an independent, self-contained postal operation.

Fourteen months ago, in the first reform proposal of this Administration, I urged "that the Congress remove the last vestiges of political patronage in the Post Office Department." The legislation agreed upon during the past negotiations, and which I submit to the Congress today, takes ~~the~~ politics out of the Post Office for the first time in its _____-year history.

I propose that the Post Office Department be reorganized as an "independent establishment" in the Executive Branch of the government.

This independent establishment would be as independent of political pressure as similar establishments now in being: the Securities and Exchange Commission, the Federal Reserve Board, the Atomic Energy Commission.

The new, independent Postal Service would be insulated from direct control by the President, the Congress, the Bureau of the Budget, the Treasury Department, the General Services Administration.

A nine-member commission on postal costs and revenues (APPOINTED BY WHOM?) will appoint the Postmaster General, who would be vested with authority to manage the day-to-day operations of the Postal Service.

The legislation I propose provides the independent Postal Service with the means for continuity of management; appropriate control over postal rates (WITH WHAT CONGRESSIONAL RESTRAINT?); a workable means of borrowing in the private market; the right to engage in collective bargaining on all matters such as wages, hours and working conditions that now exist in the private sector; and freedom from partisan political intervention.

These were the goals of my original recommendations on postal reform. These goals are met in the "independent establishment" which postal employees find more amenable than a private corporation; nothing now stands in the way of prompt Congressional action.

The skeptics of a year ago are understandably confounded. But a modern, independent postal system is so clearly in the best interests of taxpayers, mail users, and employees that further delay to postal progress would be unconscionable.

II. Postal Employee-Management Relations

The Post Office Department and the seven postal employee organizations have agreed that the jointly sponsored postal reorganization and pay bill must provide a statutory framework for collective bargaining. This framework must establish methods for conducting elections and for resolving negotiating impasses.

Accordingly, I propose procedures for collective bargaining over wages, hours, and other matters that are subject to collective bargaining in the private sector. These include grievance procedures, final and binding arbitration of disputes, seniority rights, holidays and vacations, life insurance, medical insurance, overtime, training, safety, leave of absence, promotions, demotions, and transfers.

Negotiating impasses would be resolved by final and binding arbitration, after a 90-day cooling off period during which there would be opportunities for mediation, conciliation, fact finding, and similar procedures.

The National Labor Relations Board would be given jurisdiction over representation matters and over charges of unfair labor practices by either labor or management.

Rank and file postal employees would be in the postal career service, which would be part of the Civil Service.

All postal employees would retain their full benefits under the Civil Service retirement system, and the provisions of the Veterans Preference Act would continue to apply. The statutory Workman's Compensation system for Federal employees would be continued without change.

The right of postal employees to petition Congress shall be retained.

Labor standards provisions applicable to Government contracts -- the Davis-Bacon Act, Walsh-Healey Act, Contract Work Hours Standards Act, and the Service Contract Act -- would apply to contracts of the reorganized Postal Service.

III. Postal Pay

I propose a pay increase of 8% to all postal employees, effective upon enactment of this legislation, in recognition of the improvements that reform and reorganization will bring. This would be in addition to the pay increase of 6% for all government employees which I recommended to the Congress last week.

As reported to the Congress last week, it has also been agreed in negotiations that the inequities created by the need to wait 21 years from entry to top rates in a job classification should be ended by reduction to 8 years.

IV. Postal Rates

The independent Postal Service must not be saddled with deficits at its inception or later. As it will be self-contained, so should it be self-supporting; as it will be non-profit, so should it be non-loss.

Last week, I proposed a plan to raise 2.6 billion dollars in the next fiscal year to fully pay the cost of the pay increase, and to wipe out the projected deficit and all other charges to the general taxpayer.

This plan, which includes a 10-cent stamp for first class mail, has met with limited enthusiasm. Others have suggested a lesser increase of first class mail, with larger increases in other classes of mail.

The first priority, as I see it, is to make the postal service self-supporting. If the Congress sees fit to modify my specific proposals within that overall priority, I will be flexible and cooperative.

Since business and industry account for four out of five first-class letters mailed, I continue to believe that the rate rise in first class would be eminently fair. However, alternative means of raising the necessary revenues from mail users would be acceptable, provided the new postal service is launched on a firm, pay-as-you-go basis.

- - - - - -

Mail users, postal employees and the nation as a whole have gone through a long ordeal in reaching the threshold of basic postal reform -- but we have come a long way.

The Congress is now presented with the opportunity to pass legislation that will bring a new fairness to postal employees, a new efficiency to the system itself, and long-overdue equity to the taxpayer.

Taken together, this is a package of fairness, and I urge the Congress to deliver this package promptly to those who need better mail service and those who need greater opportunity in a revitalized postal system.

THE WHITE HOUSE

WASHINGTON

April 6, 1970

TO: JOHN D. EHRLICHMAN

FROM: HENRY C. CASHEN II HCC

The attached is forwarded for your information.

POST OFFICE DEPARTMENT

DATE: April 4, 1970

REPLY TO ATTN OF: DAN:rg

SUBJECT: Observations on the Ten Cent Stamp

Subj File ✓
Chron File
Dep GC
Other

P. O. CL:

TO: Postmaster General

The wage increases called for in the April 2nd agreement, if adopted, will cost the Post Office Department more than $1 billion in FY 1971.

Even if there were no increase in wages and no increase in postage rates, we anticipate that our costs would exceed our revenues in FY 1971 by $1,412 million. If wages for postal employees were increased in accordance with the agreement, and if there were no increase in postage rates, our costs would exceed our revenues in FY '71 by an estimated $2,462 million - almost $2 1/2 billion.

If no decrease in projected mail volumes occurred as a result of the proposed rate increases, the ten cent stamp and the related rate increases we are proposing would produce additional revenue of slightly over $2 1/2 billion. (The precise figure is $2,614 million.) In view of the probability that projected mail volume will drop somewhat because of the increased rates, however, a surplus of revenues over costs is not likely to be realized.

At the proposed rates of postage, the revenue lost by the Department as a result of carrying mail free or at reduced rates for nonprofit organizations, etc. will amount to approximately $300 million.

This is only about 5% of the total revenue estimates. Conceding that this revenue loss should be borne by the general taxpayer rather than by other mail users, the amount involved is not big enough, from an economic standpoint, to justify a nine cent stamp. A nine cent stamp would mean a return to deficit financing, and would run counter to the President's announced intention of putting the Postal Service on a pay-as-you-go basis.

While we are talking about fiscal responsibility, it is worth pointing out that the 6% pay increase for military personnel and civilian employees outside the postal system will cost slightly over $1 billion in FY 1970 and over $2 billion in FY 1971. With the taxpayer being asked to underwrite that kind of increase in non-postal costs, it would simply not be fair to saddle the general taxpayer - who may only mail a few letters a week - with substantial additional taxes to subsidize the businesses that are heavy users of the mail.

David A. Nelson

cc: Mr. Klassen
Mr. Hargrove
Mr. Nunlist
Mr. Lee
Mr. Carlin
Mr. Holland

THE WHITE HOUSE

WASHINGTON

April 6, 1970

MEMORANDUM FOR JOHN EHRLICHMAN

The postal pay/reform deal is, in my judgment, a masterpiece -- albeit expensive.

Recognizing that I am about as popular with Red Blount as a skunk at a lawn party, I nonetheless suggest that you may want to consider involving me in the legislative maneuvering which gets reform and the 8% raise enacted. The conversation I had with Rademacher last night, at your direction, further persuades me that mixing Red Blount and Rademacher is a certain formula for disaster. Rademacher still holds the key to our success on the Hill. Bear in mind that he turned around enough votes to get reform out of the House Committee last month. Both you and I would lose our secretaries if I were to report in this memo the things Rademacher said in characterizing Blount.

Somebody has to keep Jim in line, if the grand plan announced yesterday is to work.

I don't mind humbling myself before the PMG in any way that will serve the President's interests. My question for you is whether you think I should involve myself in the limited area of preventing another nuclear war between Blount and the unions. Could we discuss at your convenience?

Chuck

Charles W. Colson

FOR RELEASE AT 12 NOON APRIL 3, 1970

Office of the White House Press Secretary

THE WHITE HOUSE

FACT SHEET re 6%

I. General pay increase, effective July 1, 1969.

1. Average civilian increase was 7.4%, ranging up from 4.7% for postal workers to 9.1% for other civilians. (Postal had had larger increases in 1968.)

   Average military increase in total compensation was 9.1%, but the increase was applied entirely to base pay, resulting in an increase in base pay of approximately 13%.

2. Effective date-- July 1, 1969.

3. Total cost:approximately $3.0 billion for F.Y. 1970 -- almost equally divided between civilian personnel and military personnel ($1.5 billion each).

4. Total persons affected -- Military 3.5 million
   Civilian 2.1 million

5. The breakdown of civilian costs:

General Schedule	$1.1 billion
Postal	.3 billion
Other	.1 billion
TOTAL	$1.5 billion

II. Pay increase now proposed (to attain comparability with private enterprise as of July 1, 1969)

1. Amount -- 6% to cover all civilians under statutory pay systems and all military personnel. (As in 1969, military personnel increase will be applied to base pay only, or 8.2% increase in base pay.)

2. Effective date January 1, 1970 or last pay period beginning in December 1969.

3. Total costs F.Y. 1970 -- $1.2 billion (approximately $.6 billion each for civilian and military)

   Note: No provision was made in the Budget for any further pay increase in F.Y. 1970.

4. Total costs F.Y. 1971 $2.5 billion (approximately $1.3 billion civilian; $1.2 billion military)

   Note: The 1971 Budget included $1.2 billion for a comparability pay increase effective January 1, 1971. This results in a net increase in the 1971 Budget of $1.3 billion for pay in the next fiscal year.

5. Total persons affected -- Military 3.2 million
   Civilian 2.1 million

6. The breakdown of civilian costs F.Y. 1971

General Schedule	$ .8 billion
Postal	.4 billion
Other	.1 billion
TOTAL	$1.3 billion

# #

AGREEMENT

Memorandum of Agreement between United States Post Office Department hereinafter referred to as "Department" and National Association of Letter Carriers, AFL-CIO; National Association of Post Office and General Services Maintenance Employees, AFL-CIO; National Association of Post Office Mail Handlers, Watchmen, Messengers and Group Leaders (affiliated with Laborers' International Union), AFL-CIO; National Association of Special Delivery Messengers, AFL-CIO; National Federation of Post Office Motor Vehicle Employees, AFL-CIO; National Rural Letter Carriers Association; United Federation of Postal Clerks, AFL-CIO; hereinafter referred to as "Unions".

General Wage Increase

A general wage increase of 6% retroactive to December 27, 1969 for all postal employees.

Other Post Office Provisions

In order to meet the special needs of the unions in their representation of the Department's employees and the needs of the Department to enable adequate management of the services for which it is responsible, the parties will agree upon and jointly sponsor a reorganization of the Department which amongst other things will:

A. Enable collective bargaining procedures under a statutory framework establishing methods for conducting elections, providing one or more methods for resolving negotiating impasses, and requiring collective bargaining over all aspects of wages, hours, and working conditions including grievance procedures, final and binding arbitration of disputes, and in general all matters that are subject to collective bargaining in the private sector.

B. Provide an additional 8% wage increase for postal workers effective as of the date the enabling legislation becomes law.

C. Provide that negotiations with the Unions be immediately undertaken to establish a new wage schedule whereby an employee reaches the maximum step for his labor grade after no more than 8 years in that grade. When the new schedule becomes effective, an employee will immediately be advanced to the next step in the schedule if at that time he has been in his present step for the period provided in the new schedule.

D. Provide a structure for the Department so that it can operate on a self-contained basis and endow it with authority commensurate with its responsibilities to improve, manage and maintain efficient and adequate postal services.

Administration Approval

It is the understanding of the parties that the Administration will recommend to Congress the necessary legislation to effectuate this Agreement.

Drafting

It is understood that the parties will commence work at once to prepare the agreed legislation with a view to having it ready for submission not later than April 10, 1970.

Discipline

No disciplinary action will be initiated by the Post Office Department at any level against any postal employee with respect to the events of March 1970, until discussions have taken place between the Department and such employee's union on the policy to be followed by the Department.

Winton M. Blount

April 2, 1970
Date

J. H. Rademacher

Monroe Crable

Lonnie L. Johnson

Michael J. Cullen

Chester W. Parrish

Herbert F. Alfrey

Francis S. Filbey

James
file
Timmons
Thurs

4/4/70

T: Haldeman
cc: Ehrlichman

THE WHITE HOUSE

WASHINGTON

April 4, 1970

(1) PMG says we will know late today if meeting should be Wed. or Thursday.

(2) Should take 30 to 45 minutes.

(3) Remember Carswell Vote Wed. Afternoon - if it is a problem

(4) 10:15a Thursday may be best

/Dwight

MEMORANDUM FOR DWIGHT CHAPIN

From: William E. Timmons BT

It is recommended that a Presidential meeting be scheduled for 3:00 p.m., Wednesday, April 8, in the Cabinet Room to brief key Congressmen on progress in the Postal Reform negotiations. Attending* would be:

1. The President
2. Red Blount, PMG
3. Ted Klassen, Deputy PMG
4. David Nelson, General Counsel, Post Office Dept.
5. Paul Carlin, Executive Assistant to the PMG
6. Sen. Gale McGee, Chairman, P.O. Committee
7. Hiram Fong, ranking GOP, P. O. Committee
8. Rep. Thaddeus Dulski, Chairman, P.O. Committee
9. Rep. Bob Corbett, Ranking GOP, P.O. Committee
10. Bryce Harlow
11. John Ehrlichman
12. Bill Timmons

I understand the PMG has discussed this with the President. The list of invitees has been approved by Blount. Please let me know if this meeting can be scheduled.

* Next week, if Blount is near agreement with the unions he may request the addition of Mansfield, Scott, McCormack and Ford to this list.

PMG Blount:

McGee - "π supporting my reform bill"

11am Fri - leaders - + Meany (?)

Meany work on McGee

Postal Numbers

1970		1971	
Postal	.2 (all budgeted)	$ 771 mil	not budgeted
Non Postal	$ 1.1 Bil.	1.0	✓✓

∴ 1.1 from surplus

2.1 cost
1.1 budget
1.0

Acceleration collection = 1.5 Bil
Estate & Gift
ONE YEAR ONLY - NO NEW TAX
Postal Rates 2.5 Bil

---

3 SOURCES

1 Surplus
2 Postal Rate Increase
3 Gift & Estate Collection accelleration

1 Increases - ~~th~~ ~~[illegible]~~

1970 Non Postal (6% retro) $1.2 Bil Surplus

Postal Rate

2.5 Bil (1.2 Budgeted) = 1.3

1971 Non-Postal Accel Coll

Postal Rate

Legislation

1. P.O.D. is willing to take 11750 or H.R. 4 — or reasonable combination

2. Other Unions want departure from "Radamacher Bill" — possibly include Cong. Comm. to be watchdog over the authority. This would give Cong no more power than it now has

3. Group met only yesterday morning and will reconvene this morning

POSTAL PAY INCREASE

	Total Cost		Cost in Budget	Costs Not in Budget
6% January	200	in '70	200	0
6% FY '71	400	in '71	325	+75
8% FY '71	496		--	496
Acceleration	200		--	200
	1296		525	+771

NON-POSTAL PAY INCREASE

	Total Cost		In the Budget	Not in the Budget
FY 70 Jan. 70 - Nonpostal 6%	1.1	'70	0	1.1
FY 71 July 70 - " 6%	2.1	'71	1.1	1.0
	3.2		1.1	2.1

2.871

PAY AND REVENUE CHANGES

	Budget F. Y. 1971	Postal	Other	Revised Budget
Receipts	202.1	+1.4	1.7	205.2
Outlays	200.8	.6	1.3	202.7
Totals	+1.3	0.8	0.4	* +2.5
	FY 1970			
Receipts	199.4	--	--	199.4
Outlays	197.9	.2	1.0	199.1
	+1.5	-.2	-1.0	+.3

*Does not include any estimate for a comparability increase January 1, 1971 for military ~~or~~ and non-postal civilians.
(Could be about $1 billion)

APR 6 1970

The Postmaster General
Washington, D.C. 20260

April 6, 1970

MEMORANDUM FOR: JOHN EHRLICHMAN

FROM: Winton M. Blount

SUBJECT: Presidential Message on the Postal Settlement.

I have been called to testify before the Senate Post Office and Civil Service Committee today at 2:00 p.m. I will, of course, have to base my testimony on the actual agreement.

Red

The Postmaster General
Washington, D.C. 20260

April 6, 1970

MEMORANDUM FOR: JOHN EHRLICHMAN

FROM: Winton M. Blount

SUBJECT: Presidential Message on the Postal Settlement.

I think the message that the President sent Congress last Friday was, in most respects, an excellent one.

There are two points in it, however, that cause me some concern:

1. We have a clear understanding with the unions that the reform legislation itself will enact a flat 8% wage increase. The message, however, says that an increase of at least 8% will be put into effect through the collective bargaining process. This was not the final agreement we made with the unions. From the standpoint of logic, the departure from the terms of the agreement should not give them any difficulty -- and probably, in fact, it will not bother them at all. Nevertheless, their belief in the Administration's good faith is terribly important at this juncture, and the success of the negotiations on the content of the reform bill could be jeopardized if the unions should come to believe -- with or without justification -- that our word cannot be trusted. This inaccuracy in the Presidential message could conceivably turn out to have been unfortunate.

2. The union leaders have not heretofore understood that we were imposing any conditions on the retroactive 6% increase for all Federal employees in statutory salary systems. All of us -- including, I think, the unions -- appreciate the desirability of encouraging Congress to act at once on pay,

rates, and reform. It may not be possible to push the whole package through simultaneously, however, and the suggestion in the message that each separate element "will . . . depend upon the others" may lend itself to misunderstanding. Here, again, I hope that we will not put ourselves in a position where anyone can question the President's good faith. George Meany has publicly told his people that the 8% pay increase is entirely dependent on an agreement between the Post Office Department and the postal unions on the content of the reform bill, and that should be useful insurance, from our standpoint, even if the 6% pay bill is enacted first.

I know that the April 3rd message was prepared under a very tight time schedule. In general, as I have said, I think the message was first-rate. In the future, however, I should hope that no Presidential message directly affecting the Post Office Department would be released without this office having had an opportunity to check the factual content.

Red

THE WHITE HOUSE

WASHINGTON

April 6, 1970

MEMORANDUM FOR THE PRESIDENT

From: William E. Timmons WT

Subject: Republican Leadership Meeting
Tuesday, April 7, 1970
8:30 a.m.
Cabinet Room

A list of participants is in Tab A.

The proposed agenda is in Tab B.

Because Congressional action will be necessary to implement the postal agreement, it might be appropriate to discuss the government-labor accord and the continuing negotiations on Postal Reform.

You may wish to open the meeting by explaining your satisfaction with the settlement, summarize the major points, and urge the leaders to expedite as a "package" the legislation going to Congress this week. There is a danger the Democratic Congress may pass the 6% hike in government salaries without postal reform, estate and gift tax accelerated collections, or the postal rate increase. A background paper is in Tab C.

Postmaster General Blount will be present to discuss the progress with the unions over postal reform. John Ehrlichman is prepared to explain the pay-as-you-go features of the agreement.

Since there will be a White House bi-partisan meeting later in the week with key members of the Post Office and Civil Service Committees, they have not been invited to this Leadership session. However, Rep. John Byrnes and Senator John Williams may be called on to discuss prospects for the accelerated tax legislation.

Senator Milton Young and Rep. Frank Bow, ranking members of the Appropriations Committees, may be called on to discuss the impact of government salary increases on the fiscal year 71 appropriations.

As a second topic, Secretary of Labor George Shultz will be present and can briefly outline the urgency for Congress to act on the "Emergency Railway Dispute" bill. The cooling off period ends at Midnight, this Saturday, April 11. Shultz can also talk about current government activities regarding the Teamsters and Air Traffic Controllers strikes, as well as other upcoming labor problems.

Time permitting, Scott and Ford may be called on for Senate and House reports. Tab D contains items before both Houses this week. Since the Family Assistance Plan may be on the Floor of the House this week, subject to a Rule being granted, John Byrnes may have some observations on the debate and vote.

REMINDER: Immediately after adjourning the meeting, Senator Scott, Rep. Ford, Bryce Harlow, Ron Ziegler and Bill Timmons will join you in your office to position the Leaders for the press conference.

Tab a

April 7, 1970

PARTICIPANTS

Executive

The President
The Vice President
Winton Blount, The Postmaster General
George Shultz, Secretary of Labor
Robert Mayo, Director, Bureau of the Budget

Senate

Hugh Scott
Robert Griffin
Margaret Chase Smith
Milton R. Young
Gordon Allott
John G. Tower
John Williams, ranking Republican, Finance Committee

House

Gerald R. Ford
Leslie C. Arends
John Rhodes
John Anderson
Richard Poff
William Cramer
Bob Wilson
Robert Taft
John Byrnes, ranking Republican, Ways & Means Committee
Frank Bow, ranking Republican, Appropriations Committee

Staff

Bryce N. Harlow
John Ehrlichman
Bill Timmons
Ken BeLieu
Lyn Nofziger
Harry Dent
Pat Buchanan
Ron Ziegler
Roger Jones, Bureau of the Budget

Tab B

April 7, 1970

PRESIDENT'S AGENDA

I.	8:30 - 8:45 a.m.	Postal Agreement (Red Blount)
II.	8:45 - 9:00 a.m.	Financing Pay Raises (John Ehrlichman)
III.	9:00 - 9:30 a.m.	Emergency Railway Dispute Bill and Teamsters and Air Controllers strikes (George Shultz)
IV.	9:30 - 9:45 a.m.	Senate & House Reports (Scott & Ford)
V.	9:45 - 10:00 a.m.	Position Press Conference The President's Office (Scott & Ford)

Tab C

Background paper on Postal Settlement in
Connection With Legislative Leaders Meeting

The way to solve a problem permanently is to get at its root cause. My plan to solve our postal problem does exactly that by putting an end to the unfairness that has been allowed to develop.

It is unfair for government workers to be paid less than their counterparts in private enterprise; that is why I have urged a 6% across-the-board increase.

It is unfair for the public to be saddled with inefficient, slow postal service in this modern day and age; that is why I have pressed for postal reform.

It is unfair for taxpayers to bear the burden of continuing postal deficits, when most mail is used by businesses that should be prepared to pay for the service they use; that is why I have urged that rates be raised to put the postal system on a break-even basis.

It is unfair for postal workers not to be compensated for the improvements in the postal service, or not to have a reasonable rate of advancement in pay; that is why I recommend collective bargaining to include at least an 8% raise in pay, and the waiting period required to move to the top of the pay scale be reduced from 21 to 8 years.

Obviously, each part of this solution to our postal problem is related to the other parts; together, they make up a package of fairness that the public and the workers deserve.

####

Tab D

April 7, 1970

SENATE FLOOR ACTION

1. Judge Carswell's vote on confirmation scheduled for Wednesday.

2. Brooke's "sense of the Senate" Resolution that the President propose to Russia an immediate suspension of the deployment of all offensive and defensive nuclear strategic weapon systems. (Administration opposes)

3. Proxmire bill prohibiting the issuance of unsolicited credit cards. (Mrs. Knauer recommended further study.)

4. Employment Security Amendments extends Federal-State Unemployment Compensation program (an Administration bill).

5. Hill-Burton hospital construction and modernization grants. (Administration supports)

HOUSE FLOOR ACTION

1. Subject to a Rule being granted, the Family Assistance Plan may be on House Floor this week.

2. The House-passed, Senate amended Voting Rights bill could be brought up this week. (Administration will make effort to strike 18-year old voting provision).

3. The Conference Report on Elementary & Secondary bill also could be brought up this week. (While this measure authorizes more expenditures than Administration requested, there is little chance to reject the Conference Report).

4. Amendment to the Railroad Retirement Act to provide a 15% across-the-board increase in pensions and annuities. (Administration opposes)

PROPOSED POSTAL REORGANIZATION AND PAY BILL

Organizational Structure

-- Reorganized Post Office Department, known as the United States Postal Services, becomes an independent establishment in the Executive Branch of Government.

-- Postmaster General appointed by, serves at pleasure of, Commission on Postal Costs and Revenues, which has 9 public members named by President and confirmed by Senate.

Labor Relations

-- Collective bargaining on wages and working conditions as in private sector.

-- Ban on federal employee strikes continues; binding arbitration if bargaining impasse persists 180 days from start of bargaining.

-- NLRB supervises union elections and enforces unfair labor practice actions.

Finance, Rates, and Rate-Making

-- Post Office can borrow up to $10 billion from Treasury or general public.

-- Rate changes subject to public hearing before 3-man Postal Rate Board named by President; final rate decision by Commission on Postal Costs and Revenues, but subject to veto by two-thirds vote of either House or Senate.

-- Post Office to be generally self-supporting by January 1, 1978.

Pay

-- 8% pay increase for employees of Post Office Department effective upon enactment.

-- Promptly after enactment, collective bargaining will be required on wages, hours and working conditions. Resulting agreement will compress to 8 years the time for postal employees to reach top step in whatever labor grade may be established.

FOR RELEASE AT 12 NOON, EST

April 3, 1970

Office of the White House Press Secretary

- -

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

Yesterday, the government negotiated a settlement with its postal employees.

This settlement could not properly be made in isolation from the needs of all Federal employees. In dealing with the special needs of the postal workers, the government representatives took into account the context of the Federal government's relations with its entire work force.

It should be noted that this negotiation took place only after the postal work stoppages had ceased.

One who works as a government employee agrees not to strike. But, concomitantly, the government has an obligation to insure each of its employees fair treatment so long as each lives up to his or her obligations.

The government is committed by law to a pay policy of comparability; that is, pay levels should correspond to those in business and industry. The agreed-upon government-wide pay increase complies with this standard.

This Administration is committed to a policy of pay-as-you-go. I believe that we have an obligation to provide revenues to meet the increased expenditures involved in this settlement. This is only good business and it is insurance against inflation.

~~Accordingly, I will send the Congress a message as follows:~~

1. I propose that the Congress enact a pay increase of 6% for all Federal employees, paid under statutory salary systems, including members of the armed forces, retroactive to the last pay period at the end of calendar 1969.

2. At the same time, I urge the Congress to take action to reform the postal service. Had this action been taken earlier, the postal work stoppage would have been averted.

The Congress must recognize the need to modernize the postal system, to improve working conditions and to give employees and management an effective medium for bargaining.

more

The proposed postal reform will be worked out in an agreement between the postal unions and Department representatives. The settlement provides that this work will be completed by April 10. I feel confident that a reorganization can be agreed upon which will meet our mutual goals.

3. Immediately upon enactment of postal reform, the process of collective bargaining will begin. In recognition of improvements in postal operations, the results of such bargaining will include an increase in wages of at least 8% in addition to the government-wide increase.

4. It has also been agreed in negotiations this week that the inequities created by the need to wait 21 years to move from the entry to the top rate in a job classification should be removed by reducing this to an 8-year period.

Postal revenues: To pay as we go for the postal salary increase and to eliminate the current postal deficit of about $600 million, I urge that the Congress raise first class postal rates to 10¢ for regular first class mail as soon as possible. This increase will produce added revenues of approximately $2.3 billion.

We are going to move to bring all rates except those for the blind and non-profit organizations to levels where they will cover at least their demonstrably related costs. As a first step under this policy we are proposing measures which will increase second and third class postal revenues $82 million in FY 71.

An adjustment in the schedule of parcel post rates will also be sought to produce $125 million in revenues. Government mail reimbursements will be increased by $89 million.

In all, I am proposing added postal revenues by Congressional and administrative action of $2.6 billion. These revenues are essential to meet the salary needs of postal workers, to wipe out the postal deficit, and to contribute to the efficiency of the postal system.

General revenues: To pay for the 6% increase to all government workers, which will cost $1.2 billion in fiscal 1970 and 1.3 billion additional over the $1.2 billion already included in the fiscal 1971 budget, I propose that the Congress consider further actions which will result in some modification of our 1971 budgetary program. The 1970 additional outlays can be met from budgeted and surplus funds.

At the beginning of my Administration I made the basic decision that the Federal government must start to live within its means. The long inflation that began after 1965 had its roots in a string of unbalanced budgets capped by the $25 billion deficit in FY 1968. To restore order in the economy the Federal government's first responsibility was to restore order in its own finances.

The tax program which I put before the Congress a year ago called for a balanced set of reforms, at the same time making provision for total revenues that would match the prospective outlays.

Prospective revenues for FY 1971 in the tax bill that finally reached my desk last December were more than $3 billion below what my own recommendations a year ago would have provided. I expressed my grave misgivings about that revenue shortfall. I finally decided that, time having run out for the last session of the Congress, there was no alternative but to sign the bill and put before the Congress in my Budget Message a program of expenditures consistent with these reduced revenues.

That was done, It was an austere program. Important programs were sharply curtailed or entirely eliminated. A major omission was the overdue pay increases to Federal workers.

This tax bill has forced on the Federal government a level of wage outlays that is inconsistent with any reasonable estimate of wage level decisions in this session of the Congress.

Yet I cannot and will not participate in an excursion into fiscal irresponsibility. That would re-awaken skepticism about our determination to quell inflation, just when clear evidence of progress is in sight. And savings diverted into financing a deficit mean reduced funds and resources for housing, for State and local government projects, and for the capital formation essential to our on-going productivity and economic progress.

Therefore, I call upon the Congress and the Nation to face in future years the realities of our Federal budget. We must pay the bills for the wages that we vote. We must pay just wages in government. These involve more outlays than the revenues that last year's tax bill would produce.

I firmly believe that, given the facts, the American people will support the Congressmen with the courage to do what is right.

Putting the public interest first, it is right to build confidence in the integrity of the dollar, which we will do by redeeming our pledge of an anti-inflationary budget.

more

Putting the public interest first, it is right to insist on a course of economic stability that will lead to price stability, job stability, and a balanced use of our resources.

I propose the following additional revenue which will neither require extending the surtax nor raising income tax rates: The 1971 budget forecasts the collection of $3.6 billion of estate and gift taxes in the coming fiscal year. I propose to accelerate collection of these taxes, which would add an estimated $1.5 billion in receipts in fiscal 1971. As a result of the pay increases recommended in this message, I estimate that $180 million per year will return to the government in personal income taxes.

The total of these added revenues to the fiscal 1971 budget would be about $1.7 billion.

It will be recognized that this estate and gift tax acceleration will only provide additional revenue for one year. It will be necessary for the Congress to consider and adopt permanent revenue measures for FY 72 and following years to meet these additional wage outlays.

Within the next 10 days, legislation will be prepared to achieve the recommended wage increases, the reorganization of the Post Office Department, the postal rate changes and the 1971 gift and estate tax revenue measures described.

I cannot stress too strongly my support of early adoption of all of these inter-dependent and necessary actions. Each will relate to and depend upon the others. I request the Congress to act upon all, at once, to afford deserving employees an equitable pay adjustment, to provide badly needed reorganization to our postal service and to adopt the proposed pay-as-you-go revenue program to support these needed changes.

RICHARD NIXON

THE WHITE HOUSE,

April 3, 1970.

# # # #

FOR RELEASE AT 12 NOON APRIL 3, 1970

Office of the White House Press Secretary

THE WHITE HOUSE

FACT SHEET

I. General pay increase, effective July 1, 1969.

1. Average civilian increase was 7.4%, ranging up from 4.7% for postal workers to 9.1% for other civilians. (Postal had had larger increases in 1968.)

   Average military increase in total compensation was 9.1%, but the increase was applied entirely to base pay, resulting in an increase in base pay of approximately 13%.

2. Effective date-- July 1, 1969.

3. Total cost: approximately $3.0 billion for F.Y. 1970 -- almost equally divided between civilian personnel and military personnel ($1.5 billion each).

4. Total persons affected -- Military 3.5 million
   Civilian 2.1 million

5. The breakdown of civilian costs:

General Schedule	$1.1 billion
Postal	.3 billion
Other	.1 billion
TOTAL	$1.5 billion

II. Pay increase now proposed (to attain comparability with private enterprise as of July 1, 1969)

1. Amount -- 6% to cover all civilians under statutory pay systems and all military personnel. (As in 1969, military personnel increase will be applied to base pay only, or 8.2% increase in base pay.)

2. Effective date January 1, 1970 or last pay period beginning in December 1969.

3. Total costs F.Y. 1970 -- $1.2 billion (approximately $.6 billion each for civilian and military)
   Note: No provision was made in the Budget for any further pay increase in F.Y. 1970.

Comparability.

4. Total costs F.Y. 1971 $2.5 billion (approximately $1.3 billion civilian; $1.2 billion military)
   Note: The 1971 Budget included $1.2 billion for a comparability pay increase effective January 1, 1971. This results in a net increase in the 1971 Budget of $1.3 billion for pay in the next fiscal year.

5. Total persons affected -- Military 3.2 million
   Civilian 2.1 million

6. The breakdown of civilian costs F.Y. 1971

General Schedule	$ .8 billion
Postal	.4 billion
Other	.1 billion
TOTAL	$1.3 billion

# #

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TEXACO

LOS ANGELES (AP)-TEXACO INC. SAID TODAY IT WILL INTRODUCE A LEAD-FREE GASOLINE AT 61 OF ITS 1,000 LOS ANGELES AREA STATIONS FRIDAY.

THE FIRM SAID THE FUEL SHOULD CUT THE AMOUNT OF UNBURNED HYDROCARBONS EMITTED INTO THE ATMOSPHERE BY 10 TO 15 PER CENT AND IS BEING OFFERED "BECAUSE OF THIS AREA'S UNIQUE ENVIRONMENTAL PROBLEMS."

THE GASOLINE IS "DESIGNED TO CLEAN UP CARBURETORS AND KEEP THEM CLEAN, PROLONG SPARK PLUG LIFE, KEEP INTAKE VALVES FREE OF DEPOSISTS, CUT WEAR IN THE ENGINE AND EXTEND ENGINE LIFE," TEXACO SAID.

WALLACE E. AVERY, WEST COAST VICE PRESIDENT, SAID THE PRICE WILL BE HIGHER THAN THAT OF THE FIRM'S PREMIUM GRADE GASOLINE "BECAUSE IT HAS PREMIUM COMPONENTS PLUS AN OUTSTANDING ADDITIVE PACKAGE. ALSO WE HAVE TO FACE SUBSTANTIALLY INCREASED DISTRIBUTION AND MARKETING COSTS."

NO EXACT PRICE WAS GIVEN, BUT THE WHOLESALE PRICE WAS SAID TO BE 1 1/2 CENTS PER GALLON HIGHER THAN THAT OF THE PREMIU SKY CHIEF, WITH RETAIL PRICE PROBABLY TWO CENTS MORE THAN SKY CHIEF.

CR646P 2

Rc 2¢ tax on leaded gasoline

UPI-55

POSTAL)

WASHINGTON--PRESIDENT NIXON WILL ASK CONGRESS TO INCREASE THE TAX ON CIGARETTS AND SMOG-CAUSING LEADED GASOLINE TO HELP PAY FOR A 6 PERCENT PAY INCREASE FOR ALL GOVERNMENT EMPLOYEES, WHITE HOUSE SOURCES SAID TODAY.

THE PRESIDENT WAS SCHEDULED TO SEND A MESSAGE TO THE CAPITOL LATER TODAY ASKING CONGRESS TO APPROVE THE PAY INCREASE NEGOTIATED WITH POSTAL UNIONS AND THE REVENUE MEASURES THAT WOULD PASS THE COST ALONG TO THE PUBLIC.

SOURCES SAID NIXON WILL ASK FOR A 5 CENT A PACK INCREZSE ON CIGARETTS BOOSTING THE FEDERAL LEVY TO 13 CENTS.

HE WAS ALSO PREPARING TO ASK FOR A 2 CENT A GALLON IN THE TAX ON GASOLINE CONTAINING TETRAETHEL LEAD, BLAMED BY MANY EXPERTS AS A CAUSE OF AIR POLLUTION.

THE SOURCES SAID THE PRESIDENT ALSO WILL PROPOSE A SPECIAL 10 CENT POSTAL RATE THAT WOULD ASSURE THE MAIL OF "PRIORITY" HANDLING, A SERVICE SOMEWHERE BETWEEN FIRST CLASS AND SPECIAL DELIVERY.

IN HIS BUDGET MESSAGE LAST JANUARY, NIXON REQUESTED AN INCREASE IN FIRST CLASS POSTAL RATES FROM 6 TO 7 CENTS ALONG WITH BOOSTS IN MOST OTHER CLASSES.

HE ESTIMATED THE INCREASE WOULD ADD $156 MILLION TO REVENUE IN THE CURRENT FISCAL YEAR WHICH ENDS JUNE 30 AND $674 MILLION IN THE NEXT FISCAL YEAR. HOWEVER, THE REVENUE ASSUMPTIONS WERE BASED ON THE HIGHER RATE TAKING EFFECT LAST WEDNESDAY. CONGRESS HAS NOT YET ACTED ON THE PROPOSAL.

4/3--NW1053AES

Signif of this event:

NOT: the dollar amts & revenue measures
(tho it may be your leads)

BUT

1- Estab in practice the policy: there will be no negot. during illegal work stoppage -

2- Govt emplees entitled to fair treatment in r of agreement not to strike

3- MOST NB: leads to <u>postal reform</u>

4- Pay as you go - Wage increase must be paid for -

roots of problem in cut in revenue level proposed for FY '71 -

(5) Gov't-wide increase @ 6% from 12/27/69 1/1 Military

Cost	gross	Military budget	needed
FY 1970	1.2	.2 (actual 175MM)	1.0*
FY 1971	2.5 ~~[illegible]~~	1.2 ~~1.3~~ (400 is postal)	1.3

*Source: FY'70 surplus

(6) Postal pay – other than 6%
8% + compression
upon enactment –
COST

'70 0
A part of the 6% = ↑ 6 mo ∴ 200MM

'71 $496 mil (8%)
200 (compress'n)
696 mil say 700 mil
400 mil (No part of 6%)
$1,100 BIL

g Rus 2.5 Bil

1.50 bil
82
100

1.682

1. Reform
2. Made only after workers return
- a resp to neg if not on strike
3. Adopt pay as you go prin -

Memo

Genl
6%

12-27-69

Settlement
PO

Mills
Byrnes
Williams
Long

Needs of unions & dept jointly sponsor
a) - coll barg under E
- binding arbit'n

P as Y go
least controversial
tax
mtg when reform ready

b) 8% wage increase eff date of 1

c) compression -

d) self-contained basis of (X)

e) Admin rec to Cong the necess E

f) pties submit legis by 4/10

g) Discipline only after discussion -

Fundamental points

Major, historic breakthrough

Experience estab 2 Prin

① No negot while a stoppage —

② Concurrent respons. = fair neg where no stoppage —

③ Pay raise is comparability

④ Non-inflationary — bec pay-as-you-go

Game plan

Legis. necess

π = historic
regretted necess to act -
limited action accomp. by under-
standing stmt.

Prin
① Believe in coll. bargaining -
② where no gov't emplee,
no gov't interference -
③ where gov. workers:
∧: no stoppages -

④ once that weapon denied a
union, gov't has corresp.
oblig'n = treat fairly
once the stoppage ends -

⑤ Negotiated in that spirit -

⑥ Congrats - finding mtg of minds.

⑦ Proud of gov't people -
strong & fair

⑧ 6% the 1st move
Reorg - w/ adequate funds
which π assumes
resp. for -

Then unions have good new
basis for future -

BLOUNT:

(9) Foundation during neg. for a reorg. P.O.

Coll. barg. at work –
Jointly come to rec. not wholly what either wants –

Rec is = (1) 6% gov't-wide: 12/27/69

(2) Reorg desirable work tog to arrive at plan –

1 – 8% increase on enactmt
2 – Coll barg
3 – binding arb –
4 – reduce adv. by compression –
5 – Dept can manage its own affairs
6 – No later than 4/10/70 – legis –
7 – No discipline w/o discussion w/ unions involved –

Congrats – all
Meany & D.o.L. very helpful –
Jim Gilday
Ted Klassen

(10) π: All apprec role of Geo Meany –
At times we all wonder what the nat'l office of AFL-CIO is for —

Helpful -

Meany -
unique occasion
coll barg in true sense &
govt & emplees -

Now coll. barg. over terms of
a piece of legis - Both have
interest in an und. on the Σ -
Not pessimistic
Both know the PO Dept
Agree on principles
& turn over to the
drafters -
Milestone -

π: whatever you agree on, I'll support -
Hse & senate dont agree -
If Admin & unions unite, we can
wheel ~~it~~ -
eg the Hse committee

man: w/ a ~~base~~ united position,
we can move anything -

2c: have leaders mtg soon

(11) π - Bi-Part leaders -
Tues or prob Wed -

Be in biz by 7-1-70

II

(12) Gov't wide pay increase is in excess of our budget -
- very NB to have pay as you go policy ∴ a message to Cong tomorrow asking for revenue adequate to cover the gov. wide pay increase -
Not surtax -
will require Cong action -

Add $3 bil to budget -
New Revenue

(13) While postal rev. not involve you, intend to kick off reorg PO w/ adequate funds ∴ going for the 10¢ stamp. Very NB for the new org -
Mgmt pay you

- Polit probs for us -
- 4.00/yr avg per person to give adequate income to workers -

(14) In addn - support reorg -
Better working conditions our argumt all along -

(15) Shultz - 2 pts
1. Satisfaction in seeing neg vindicate coll barg as prob solving process

2. Gov't wide concern -
Lesson to be sure gov't a model

(16) Q: 2 sep pieces legis
— 6%
— Reorg

π: sep but reorg implicit —
Expect you to agree —