

Safire - April 1, 1970.

DRAFT MESSAGE RE: POSTAL SETTLEMENT
NEW BUDGET REQUIREMENTS
FEDERAL LABOR RELATIONS

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, we took into account the context of the Federal government's relations with its entire work force.

Accordingly:

1. I propose that the Congress enact a pay increase of 5.4% to all postal workers, retroactive to the first pay period in January, 1970.

To pay for this increase, which will cost the Federal government almost \$200 million in fiscal 1970 and \$400 million in fiscal 1971, I propose that the Congress raise first class postal rates to 10¢ for a new "fast first class" mail, and to 7¢ for regular first class mail. In addition, the subsidy we now pay to users of other classes of mail should be ended, and those rates should be increased so as to generate an additional ____ million. In all, the new rate schedule will produce ____ million in revenues, to meet the needs of the postal workers and to contribute to the efficiency of the system.

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

3. I propose that the Congress enact a pay increase of 6% for all Federal employees, including members of the armed forces, retroactive to the first pay period at the beginning of calendar 1970.

With this action, salary levels for Federal employees will achieve the comparability to pay in private enterprise for similar work called for in the Federal Salary Reform Act of 1962. Postal workers, whose pay and opportunity for advancement have been far below the norm, would thus receive a total of 11.4% increase.

Since the cost of this overdue adjustment is substantial, I urge the Congress to accept the 6% rise without adding to it. Our object here is equity and comparability for the Federal employee, and the Bureau of Labor Statistics' most recent estimates of the difference between private and public pay scales is just under 6%.

To pay for this 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 a modification of the fiscal 1971 budget.

The Crossroads of Credibility

Four months ago, when I made the basic decisions about the Federal budget for the fiscal year that begins this July 1, I made one decision that was right and one decision that was wrong.

The right decision was this: to hold the budget in balance and thereby hold down an inflation that had been allowed to gain momentum over the course of five years.

Largely because of this right decision, dangerous inflationary psychology was checked; the nation's central banking system was encouraged to ease slightly the supply of money, so necessary to our housing industry; and now the economy is showing the first signs of responding to our year-long policy of restraint.

In human terms, the many millions of Americans forced to the wall by a sharply rising cost of living can expect to see that rise begin to slow down this year.

The decision I freely assert to be wrong was this: to hold Federal expenditures to \$200.8 billion, sharply reducing the increases in those parts of the budget over which we have control.

(ALTERNATIVE PARAGRAPH FOLLOWS)

ALTERNATIVE TO PRECEDING PARAGRAPH:

The decision I freely assert to be wrong was this: not to have vetoed the tax bill that reduced Federal revenues by three billion dollars. My own proposals for tax reform did not reduce revenues at all; at the time I signed the compromise bill, I expressed my grave misgivings about the hardships that the 3 billion dollar shortfall would bring. As it turns out, that three billion dollars of tax reduction is the difference between meeting the needs of the people with an anti-inflationary budget -- and failing in our responsibilities. In retrospect, I should have fought the good fight then; but it is not too late now to rectify that mistake.

END ALTERNATIVE PARAGRAPH

We can and will hold the line on excessive government spending, now and in the future; but experience has shown that we would be wrong to hold to a figure of \$200.8 billion. There is too much I must do, and too much the American people need to have done, for this total to be considered as a ceiling.

The fact that I held Federal spending down to available revenues proved to be salutary. It meant that each proposed new program had to go through the most rigorous scrutiny; it set out in bold relief the most urgent national priorities.

Now we have come to the crossroads of credibility.

We could, if we wished, go forward with the new programs that have made their case as essential to the national well-being by going into the red -- by throwing the budget into a substantial deficit. We would be doing what is necessary to meet human needs -- but we would be inviting a rebound of inflation.

We could, if we wished, hold grimly to the spending goal we were forced to set after the tax bill reduced 1971 revenues. We would, on this course, continue to gain in our fight for economic stability -- but we would not be responding to the legitimate needs of our citizens.

Or we could take the course I now propose: to meet the needs that have proved to be urgent and to pay for them as we go.

I propose the Congress appropriate 3.4 billion dollars for programs affecting the environment, education, health benefits and veterans benefits, equitable pay for government workers, disaster relief and other urgent requirements.

This pay-as-you-go approach shatters a few favorite old shibboleths. Presidents do not admit they are wrong about budget spending goals. Congresses do not raise taxes in an election year. Voters will not entertain a thought about higher taxes as April 15 approaches. All the political myths line up against us in powerful array.

But they are only myths. Given the facts, the American people will support the men with the courage to do what is right.

Putting the public interest first, it is right to make our spending goals fit our most urgent needs.

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 a balanced budget.

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

This is a time for candor. Here are my recommendations for increases in the 1971 budget, some of which have already been announced, and my proposals for paying for them:

Added Expenditures Over 1971 Budget Proposals (in millions)

Government workers pay increase	1,300
Withdrawal of voluntary State-local construction deferral	625
Air and water pollution control	188
Veterans education benefits and medical care	299
Labor-HEW appropriations, effect of 1970 enacted bill on 1971 budget	248
Disaster relief	50
Dairy price supports and speed-up of farm payments	180
Housing interest subsidies and home ownership assistance	81
Right to read and other education amendments	162
Health benefits for Federal employees	91
Education aid to racially impacted areas, totaling 500 million that cannot be redirected from other programs.	150
TOTAL	3,374

Added Revenues

The 1971 budget forecasts the collection of \$3.6 billion of estate and gift taxes in the coming fiscal year. An accelerated collection of these taxes would add as much as \$1.6 billion in receipts in fiscal 1971.

The Post Office Department estimates that a "two-tier" mailing system -- with a 10¢ fast service and a 7¢ regular service -- would increase revenues by \$_____ above the cost of the recent pay increase. In addition, (OTHER OPTIONS). Total 3,400.

In taking these actions now, we can meet the most pressing needs of our citizens without relenting in our battle for price stability in a climate of prosperity.

A strong budget continues to be a vital part of our strategy to turn the flank of inflation. In recent weeks, we have begun to see some tangible evidence of success in our fight against that inflation, a result of actions taken to hold down excessive Federal spending over the past year.

That is why I relaxed some of the restraints on construction of public projects two weeks ago, and why I believe it is now in the public interest to grant the pay increases and fund the urgently needed programs I have listed.

But I am determined that our fiscal actions remain consistent with a strong budget. We must neither permit inflation to resume nor the economy to take a severe downturn. We must not permit government to become a borrower of savings that are so necessary to the housing industry. If we were to accept a substantial deficit now to do what is needed, we would be crippling the potential recovery of housing construction, which our people need just as badly -- in effect, we would be robbing Peter to pay Paul.

Our perseverance in the past year has shown how it is possible to make genuine headway toward achieving a sound prosperity with stability; to continue on this path, we cannot take the politically easy way out. We cannot slip back into the ways of the past, with the wide swings in government budget policy that caused the present inflation. Finally, we cannot permit those hardest hit by the rising cost of living to bear the heaviest burden in combating that inflation.

The budget decisions I have made, and the budget decision I have hereby modified, are designed to meet our human and defense needs without inflation and without recession. This has never been done in modern times.

By being sensitive to trends in the economy, by being responsive to the changing needs of our people, by being willing to listen and to learn, and -- most important -- by being courageous enough to take the right action at the right time with the right motive, both the Congress and the Executive Branch will inspire the people's confidence in government's ability to manage the nation's affairs.

The Federal Government as Employer

At a time when I am proposing these pay increases to achieve comparability of pay with similar jobs in private enterprise, it is appropriate to review a subject of deep concern to government workers and to all Americans: the government's relations with its own employees.

Last October 29, in my Executive Order 11491 on Labor-Management Relations in the Federal Service, I made plain that "each employee of the Executive Branch of the Federal government has the right, freely and without fear of penalty or reprisal, to form, join and assist a labor organization or to refrain from any such activity, and each employee shall be protected in the exercise of this right."

That Order took into account the changing conditions brought about by the vast increase in union representation of government workers in the Sixties. In 1960, 1.1 million workers out of a Federal work force of 2.3 million were members of a union; in 1970, 1.4 million workers were unionized in a work force of about 3 million. In a decade we have gone from 60 (CHECK) collective bargaining agreements to 600. The size of unionization has grown even faster than the size of government.

In that Executive Order, I established a Federal Labor Relations Council; established new procedures for resolving disputes through a Federal Services Impasse Panel; provided an election system for handling bargaining unit determinations; provided third-party processes for resolving complaints; clarified the status of supervisors; and established requirements for financial reporting and disclosure of government unions similar to those in force in the private sector. The Order was an historic step forward in relations between the government and its employees.

After six months of further study, and after an unprecedented work stoppage that forced the use of Federal troops in one area, I am proposing several further steps to improve communications and improve the potential for peaceful resolution of disputes.

1. Representation at the Highest Level

Government workers, whether organized or not, should have the assurance that their views are carefully considered at the highest levels of government -- that is, at the White House.

In practical terms, there is a need for one man who is not beholden to any single department, but can work with all department heads on concerns common to employees throughout Federal government.

I intend to appoint a Director of Federal Employee Relations, whose primary function will be to carry out and make recommendations for extending my Executive Order. He will also serve as executive secretary of the Federal Labor Relations Council, working with the Secretary of Labor, the Chairman of the Civil Service Commission, the Budget Director and its other members in making certain my policies are carried out within the entire Federal establishment.

As my personal advisor on matters concerning Federal employees, he will be assigned to work closely with department heads in anticipating problems and conducting negotiations and resolving disputes.

2. Neutral, Third Party Mediation

A Federal Services Impasse Panel has been established to mediate disputes when direct negotiation is bogged down; the Federal Mediation and Conciliation Services is also available to disputants within the government.

My order, however, also provides for "other third-party mediation," and I now intend to give that stronger form.

No matter how impartial and expert any Federal mediators may be, the fact remains -- from the worker's point of view -- they

are a part of the Federal government. Psychologically, employees may feel that in a dispute the Federal government is both antagonist and referee.

To provide an alternative for those who wish it, I intend to call upon the private sector to do for government what the government does for the private sector: to provide a scrupulously impartial panel -- in appearance as well as fact -- to help mediate disputes between employer and employee.

I propose an Independent Mediation Service to provide that alternative to disputes involving Federal employees. If this experiment proves successful, it may be extended to aid State and local authorities as well. The Independent Mediation Service will be composed of two members chosen with the cooperation of organized labor, two members chosen with the cooperation of management groups, and two members from the academic community, with a Chairman from none of these groups as the seventh member chosen by these six.

3. Reduce the Obsolescence of "Comparability"

The principle of comparability -- the payment of government employees of equivalent wages paid for the same kind of work by private enterprise -- has been laid down in law and accepted in practice. However, by the time private wages are studied and analyzed, and political action is taken to bring Federal employees up to that level, a lag of about 18 months has been developing. This

time lag has severe effects during a period of rapidly rising wages and prices; rightly, Federal employees contend that a comparability increase 18 months later is a guarantee of incomparability.

I have directed the Federal Labor Relations Council to take whatever steps are necessary to bring about genuine pay comparability.

A speed-up of analysis and the cooperation of the Congress and the Executive Branch in the necessary legislation should reduce this lag to no more than six months.

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Without repeating the philosophy expressed in my Executive Order, let me add these thoughts about the Federal government's relations with its employees in general:

A person who chooses to work for the government receives an advantage that workers in private enterprise do not have and gives up an advantage that private workers do have.

The government worker does not run the risk of layoff or dismissal in difficult times; if he does his duty, he has ironclad job security. That is his advantage.

But the government worker does not have the right to strike, as his private counterpart has; that is the government workers' disadvantage.

Striking against the government -- against the public order that government is constituted to uphold -- is not a right, it is a wrong. Such illegal actions cannot and will not be condoned or rewarded. If a government worker picks up the strike weapon, he lays aside his advantage of job security.

However, it is not enough to take a firm line on the necessity for public order; fairness, and a concern for attracting high caliber workers into the public service, requires us to set up procedures for the equitable settlement of grievances.

The basis for these procedures has been laid in my Executive Order of a few months ago; these procedures will be given new form and impetus by the proposals and actions I have outlined in this message.

Over the years, while the Federal government was busily and productively protecting the rights of private employees, it neglected to set its own house in order. While government has in many respects been a model employer, pioneering employee benefits and non-discrimination, it has never before provided a solid basis for wage negotiation. This situation is now well on the way to reform.

Private enterprise long ago learned techniques of resolving labor-management disputes that averted the ultimate sanctions of strike and lockout, which government would now do well to emulate. If we do not provide an orderly alternative to the resolution of legitimate grievances, we only invite the inefficiency of suppressed dissatisfaction or the outbreak of illegal stoppages.

In this area, as in so many others, the test of our wisdom as a nation will lie in our ability to avert a test of strength.

ADMINISTRATIVELY CONFIDENTIAL

1st Draft: COMPARABILITY INCREASE MESSAGE

Safire - 3/30/70

I propose that the Congress enact a pay increase of 6% for all Federal employees, including military personnel, retroactive to the first pay period at the beginning of this year.

This will make salaries to Federal employees comparable to pay in private enterprise for the same kind of work, which is what the Federal Salary Reform Act of 1962 intended.

The cost of this pay increase for the second half of the current fiscal year will be about \$1.2 billion; for fiscal 1971, which begins this July 1, the cost will be about 2.5 billion.

Since the cost of this overdue adjustment is so high, I urge the Congress to accept the 6% rise without adding to it. Our object here is equity and comparability for the Federal employee, and the Bureau of Labor Statistics most recent estimates of the difference between private and public pay scales is just under 6%.

In addition, I am directing the Postmaster General to continue negotiations on matters singular and particular to postal employees. Ending the uncertainty about "comparability" should speed these negotiations. With that issue settled throughout the government, consideration can be given to the essential reform of the postal system.

ALTERNATE ENDING TAKING HARD LINE ON BUDGET

Only the urgency of the need to hold down the rising cost of living, which had been allowed to gain dangerous momentum over the past five years, restrained me from including this pay increase in my original budget estimate for 1971.

In recent weeks, we have begun to see some tangible evidence of success in our fight against inflation -- the result of actions taken to hold down Federal spending over the past year. That is why I relaxed some of the restraints on construction of public projects two weeks ago, and why I believe it is now in the public interest to grant the pay increase that fairness calls for.

I am determined that our fiscal actions neither permit inflation to resume nor to permit the economy to take a severe downturn. Instead, I intend to continue the course that will lead to price stability in an atmosphere of growth.

To achieve this goal of stability, and to allow the housing industry to recover from the effects of high interest rates, it is essential that we cushion the effect on the Federal budget of this wage increase.

Accordingly, I propose that (OPTION) the collection of estate taxes be accelerated so as to produce \$1.7 billion of revenues in fiscal 1971 (OPTION) I shall shortly propose the imposition of excise taxes on gasoline and cigarettes to produce revenues roughly equivalent to the cost of the pay increases. (OR OTHER OPTION)

ALTERNATE ENDING TAKING SOFT LINE ON BUDGET

In November and December of last year, when I made the basic decisions on the Federal budget for fiscal 1971, the tragic effects of five years of runaway inflation were apparent. To dampen inflationary psychology, and to cool the overheated economy, an austere approach to Federal spending was obligatory.

Now, four months later, we see some evidence that our restraining actions are taking hold. Inflation is by no means defeated; consumer prices, the last of the indicators to slow down, continue to rise at too high a rate. Though we have not yet reached the beginning of the end, we might well have reached the end of the beginning.

Our goal has always been to slow down inflation without triggering a recession, and to bring about price stability in a climate of growth and high employment.

For that reason, and with a careful continuing study of economic indicators, I have begun to take those steps that will not interfere with our fight against inflation, that will make those adjustments that fairness calls for, and that will avert an unwanted economic downturn.

The partial reduction of the public construction cutback was one such step, taken two weeks ago; today's action is a similar step.

We must proceed with caution; stability has never before been achieved in the way we intend to achieve it. For that reason, other increases in

Federal expenditures may require corresponding increases in revenues.

All too often in the past, the nation's wage earners have paid dearly for the excessive swings of government policy in the management of economic policy. We intend, by actions such as this today, to take those measured steps that reflect our steadiness of purpose.

Backup Material
from Roger Jones, J.B

See note on last page

TO THE CONGRESS OF THE UNITED STATES

This message deals with one issue only, and that in the simplest possible terms. I recommend that the Congress enact, at the earliest possible time, a pay increase for all Federal civilian employees of 6 percent, retroactive to the first pay period which began after January 1, 1970. Under present law, such action by the Congress will automatically result in a corresponding and equivalent increase in the base pay of our military personnel.

The gross cost of such a pay increase for the second half of the current fiscal year will be approximately \$1.2 billion, and twice ^{that amount}, or \$2.5 billion, for the fiscal year 1971 which begins next July 1. I am making this recommendation for five reasons, each of which I shall set forth ~~simply~~ and in ~~some~~ detail:

1. When I took my budget decisions for the next fiscal year in November and December of 1969, there was every indication of the utmost need to control and contain the dangerous inflationary upward spiral then characterizing the economy. As one tangible step which the Government could take to control and contain that spiral, I recommended that the next ~~general~~ Government pay increase not become effective until January 1971. I believe there are now enough indications of economic restraint that so drastic a fiscal restriction, taken on budgetary grounds, is no longer necessary.

2. In 1962, the Congress enacted a major Federal Salary Reform Act, ⁸⁺ which established as national policy ^{the principle of} comparability between Federal salary levels and those in private enterprise for the same levels of work. The law prescribed that comparability should be based upon an annual

statistical survey conducted by the Bureau of Labor Statistics.

In 1962, Federal salary levels were so far behind those of private enterprise that attainment of full comparability in one pay adjustment would have been ~~so~~ foolhardy and ~~so~~ fiscally irresponsible. ~~that neither the executive nor the legislative branch could accept such action.~~ As a result, a pattern of gradual adjustment was set. Unfortunately, and not always for the best reasons, this pattern prevailed from 1962 until 1969. On July 1, 1969, the comparability standard was ^{achieved} ~~adjusted~~ for the first time, but it was the standard of comparability which prevailed a year earlier. In other words, the key reference month for the data of the Bureau of Labor Statistics was June 1968.

The executive branch, employee organizations, and many Members of Congress have looked forward to the day when this time lag in making pay adjustments could be reduced to an absolute minimum. *That we have not ^{yet} done so has created uncertainty and completely spurious issues between ^{the Federal} Government and its employees.* There ~~will~~ ^{must} always be some time lag if we are to have reliable ^{basis for pay comparisons} measures, ~~because~~ ^{it} takes a number of months to compile and analyze nationwide data after the field collection ^{of individual figures} has been completed. Experience has proven that the time lag can be reduced to approximately six months. In other words, we now have the data from the Bureau of Labor Statistics related to June 1969. I propose, therefore, that we wipe out the time lag and grant ^a ~~the~~ 6 percent comparability increase as of January 1970.

3. Events of the last two weeks have demonstrated very clearly that the American people expect their Government to judge the worth of services performed in behalf of all Americans, not by economic measures alone, ^{also} but by taking due account ~~also~~ of the worth ^{to} society at large and to the general welfare. of those services.

The measure of this ^{as} belief of the American people and of their representatives in Congress, ^{has} so often been the case in a democratic society, was given focus by a dramatic incident, --a major work stoppage in our postal system. This work stoppage was brought to a halt by a combination of firm action on the part of the Government, and good judgment by the postal employees and their national union leaders.

At the same time, however, it ^{has} ~~become~~ apparent that there ^{are} ~~was~~ a number of issues with respect to the conduct of our postal system which require calm, prompt, and deliberate attention, --attention which ~~I believe~~ cannot be properly given when the festering sore of outdated pay standards is permitted to interfere with appropriate good faith, negotiation, between management and labor. Therefore, I propose that the most critical pay issue be removed by the comparability pay increase recommended in this message, ~~be promptly enacted.~~

4. My fourth reason for recommending pay action now is my ^{earnest hope} ~~belief~~ that with the issue of pay comparability settled, the Congress ^{will} ~~can~~ give ^{immediate} ~~more prompt and more objective~~ consideration to the equally critical issue of reform in our postal system. I pledge the firm support of my Administration to work constructively with the Congress on this basic need. We cannot, and we must not, go for another year without instituting better methods for handling nearly 85 billion pieces of mail each year.

5. My final reason for ~~making~~ the recommendations contained in this message is to remove, in so far as I can do so, any lingering doubt that the Federal Government is reluctant to have a fair and forward looking system

of labor-management relations. We worked long and hard to produce such a system. I think we have its foundations in Executive Order 11491. I cannot, in conscience and principle, permit it to be dissipated and defeated because of a pay dispute, even when that dispute has been marked ^{for a few days} by an illegal work stoppage.

Note: If the Message can deal with a second issue, it would be highly appropriate to make it the issue of Presidential initiative in future pay adjustments. This expired in July 1969. Language follows:

When the Congress considers my pay adjustment recommendations, I urge that they also enact provisions which vest in the President, subject to review by the Congress, authority ~~hereafter~~ ^{any future} to make comparability adjustments in Federal civilian salary systems as soon as practicable after the Bureau of Labor Statistics has completed and the Executive Branch has analyzed, the annual survey of salary levels in private enterprise.

DEX'D TO KEY BISCAYNE 238

WHITE HOUSE
SITUATION ROOM

'70 MAR 26 PM 4:28

*portal
strike*

TWX IMMEDIATELY TO HALDEMAN FROM EHRLICHMAN

Cashen called to relay the following from David Nelson:

The Senate today decided:

1. They will not do anything on HR 13000 until the unions and the PMG are in agreement and the President makes his recommendations to the Congress
- or
2. They will not act until the unions and the PMG have reached an agreement that they do not agree.

March 26, 1970

4:00 p.m.

THE WHITE HOUSE
WASHINGTON

*costal
spike*

DATE 238

TO:

E

FROM: BOB HALDEMAN

FYI _____

PLEASE HANDLE _____

PLEASE REVIEW AND SEE ME _____

OTHER:

*This is what
Buchanan is
giving the P.*

Statement

The meetings held Friday between government officials and leaders of the postal unions provide the foundation for a swift end to the work stoppages in the postal system and the rapid re-establishment of the nation's postal service. Were these unauthorized work stoppages to continue for any duration of time it would seriously jeopardize the national public interest.

The men who work in the United States Postal ^{Service} Office have taken the same oath to uphold and defend the Constitution of the United States as I have taken. Further, their proud tradition -- that the "mails must go through" -- dates to the earliest days of our Republic. I expect that both the oath and the tradition will be honored.

There are legitimate grievances that have been brought to the fore in the current postal crisis. But those grievances cannot justify illegal remedies, and those grievances cannot be negotiated or ameliorated in a climate of intimidation.

I trust that the beginning of the week will see discussion of these grievances underway -- and the nation's postal service resumed.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

March 25, 1970

MEMORANDUM TO FILE

SUBJECT: CONTACT WITH RADEMACHER RE POSTAL STRIKE

Jim Rademacher called me at 12:30 p.m. today to advise me confidentially that the New York strike would be ended at 2 p.m., that all workers would return to the job, that he wanted the President only to know this and asked if I would convey this message. He told me once again how much he respected the way the President had handled this, how pleased he was that the negotiations were starting and expressed confidence that since Klassen would be heading the negotiation team they would be able to reach an agreement. I merely said that I would pass the message along which I immediately did to John Ehrlichman.

Following my conversation with Ehrlichman and Haldeman, I called Rademacher at 1 p.m. and explained to him that the negotiations were going to be conducted entirely by the negotiating team and that for many reasons the White House would not in any way be involved. I explained to him that his direct line to the White House was irritating the other union leaders and might, therefore, make any agreement difficult to achieve. I explained to him that we appreciated the tremendous job that he had done. We appreciated the fact that he went against the demands of his own union and refused to call a national strike even after his council had voted that he do so and that we recognized full well that he had played a major role in helping bring the strike under control. I told him that we also appreciated his consistent defense of the President's position on television and in the press.

I further explained that it was my opinion that it would best serve the President's interests now to keep the President totally out of the negotiations, that if the President were involved even indirectly it might foreclose his options and would, of course, make it impossible for the negotiators to bargain. I explained that it would be particularly difficult if one union leader -- notably Rademacher -- no matter how loyal and valuable he had been, were in a position where he could end run the negotiators or even give the impression that he could do so. I told him since we were making no decisions here that it would be pointless to either try to end run or give that impression. I told Rademacher that we knew him to be totally loyal to the President and that in this instance loyalty to the President meant that he had

to help us protect the President by not in any way using his name or trading on his relationship during the period of the negotiations. Rademacher seemed to buy this. He said that at this point, he felt that he had lost his union and that when this was over, however it came out, he would resign. He said he didn't care because he felt that he had made a commitment to the President in December and he would never go back on his word. He promised that he would not make any reference to having any access to the White House, would not even infer that he knew what the President wants or doesn't want and would, in effect, stay in line with his union colleagues. In fact, he said that if it would be helpful that he would join in what he described as "their excessive demands" and if it would help he would start "criticizing hell out of the Administration." I told him he was free to do anything in the negotiations but that I hoped that he wouldn't criticize us publicly because he has to date been our most effective defender publicly.

Rademacher said that if anything came up that he felt was of importance to the President, he would report it to me. I did not tell him not to because I felt that he understood the message I was trying to give him, that he would abide by it and that he would not involve me or the White House in the negotiation phase.

At 5 p.m. this evening he called. I did not take the call. Mrs. Hall explained that I had been called to a very urgent meeting and would probably not be available for several hours unless it were critical that he reach me. He said no, he just wanted to let us know how things had gone and that he would try later.

Charles W. Colson

NIXON PRESIDENTIAL MATERIALS PROJECT
DOCUMENT CONTROL RECORD

ITEM REMOVED FROM THIS FILE FOLDER

SANITIZED

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A sanitized copy substituted for an original item which contains information restricted under the Privacy Act.

THE WHITE HOUSE

WASHINGTON

March 25, 1970

MEMORANDUM FOR JOHN EHRLICHMAN

SUBJECT: RADEMACHER/POSTAL STRIKE

Enclosed is a memorandum that I have prepared for the file recounting my conversations with Rademacher today. I do not plan to be available this evening. My wife will simply say that I have been detained in a meeting and cannot be reached. Tomorrow I will ask my secretary to tell Rademacher that I have had to go to New York on a critical problem that has nothing to do with the Post Office. By tomorrow night, Rademacher will begin to smell a rat and will ask for Henry Cashen. I believe that I should talk to him, simply listen, make no comments and, if he asks for anything, restate what I told him earlier today that we were simply now out of the picture.

SANITIZED

I think, therefore, that Rademacher could blow with the slightest provocation. This could be, of course, disastrous to the negotiations and to the possibility of a new strike.

For example, Rademacher called me yesterday morning after his interview on CBS and he was almost irrational. He told me that he had been defending the President on TV (which, by the way, he did very well) but the PMG arrived at the studio and, according to Rademacher, walked by him without saying hello and then was very abrasive in a subsequent discussion. Apparently the PMG said on TV that there would be no negotiations until everyone was back to work. Rademacher replied by saying that he knew that that wasn't what the President intended and I gather from Rademacher's report that there was quite a confrontation. Whether this report is accurate is immaterial. If it is true, I can understand why the PMG would be very upset. It would appear to the PMG that Rademacher had greater authority to speak for the President than the PMG did. The other thing it does demonstrate, however, is the very volatile nature of Rademacher's relationship with the PMG. It doesn't matter who is right or wrong, it is a dangerous situation.

During the past seven days I have literally been a nursemaid to Rademacher inquiring about his **SANITIZED**, coaching him on what to say to support our position, urging him to help us get the strikers back and finally being a release valve for his pressure cooker. I believe that was an important activity because I think that his defense of us was politically very helpful. I also believe that had he gone the other way, the entire Post Office would be on strike still. I further believe that he could have been a hero with his own union (and saved his own scalp) by calling for a strike; his going with us was an act of great courage and self sacrifice.

I fully agree, however, that at this point we should not have any substantive relationship at all. I agree that it would undercut the negotiations and also irritate the other union leaders. My only concern is that we cut off Rademacher's line of communication in such a way that he does not explode. He has been so accustomed to talking to me that a sudden and complete change could boomerang. Also, we might need him again.

I will be away and unreachable in New York over the weekend. My only question for you is should I accept one call and one report from him before I go away? If I talk, I will repeat what I said to him yesterday per the attached.


Charles W. Colson

no. 238 strike
238

THE WHITE HOUSE
WASHINGTON

March 24, 1970

MEMORANDUM FOR JOHN EHRLICHMAN

I believe we are in some danger of losing the initiative on the strike/pay/reform issue. The Democrats have successfully spread the line that it was the President's action in tying reform to pay that caused the strike. This is a recurrent theme in every news article, notwithstanding the Post, New York Times and Journal editorials which have said that we were right and that the reform bill would have prevented this situation.

If public disenchantment with the strike continues to grow as it is bound to, then the Democrats cannot help but make political hay taking the line they are taking.

If the strike were to be settled quickly, then we would probably not suffer too much political damage. There is little chance of it being settled quickly, however. The negotiations, in any event, will drag on.

In view of this, I think we should consider seizing the initiative very boldly. We should think about the possibility of a Presidential message to the Congress today or tomorrow, calling upon the Congress to enact HR 4 at once. Since HR 4 has been reported out of the House Committee the Congress could act on it within 48 hours.

In proposing this to the Congress the President could point out that he is not reacting to the strike and he is not acting under pressure. HR 4 represents the same position the Administration has held since last December.

HR 4 provides an 11.1% increase for postal workers, is the only vehicle by which postal employees can get more than the normal across-the-board Federal pay increase, provides compression from 21 to 8 years and provides a mechanism for regional collective bargaining that would enable the workers in New York to work out their own economic destiny in the time honored, traditional union manner. If they had meaningful collective bargaining (with compulsory arbitration) they would have no reason to strike.

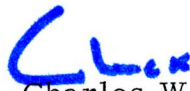
The message could be carefully worded to avoid the implication that the President was acting under the pressure of an illegal strike.

This approach has the disadvantage that in a sense it undercuts Shultz's position. Shultz has said that he would negotiate. We would, in effect, be accused of jumping the gun on negotiations. On the other hand, the postal workers have not gone back to work completely and I gather that the negotiations may be significantly delayed. If this happens and the strike continues, we should be free to take another course of action, i.e., the message.

The message has some very distinct political advantages:

1. It would be a way to show that we didn't cause the strike; that we several months ago, in fact, proposed a larger pay increase for postal employees than any of the bills being considered by the Congress.
2. It would put a hot potato in the hands of the Democrats. If they failed to act, the public would very likely blame them for the continuation of the strike. If they do act, then we can't be accused of causing the strike by tying reform to pay -- and we get our package.
3. It will be clear to the public that the President is prepared to move at once. The employees around the country (the vast majority of whom do not understand the benefits of the reform package) would be bound to act favorably because anybody can calculate what 11.1% means to him.
4. With proper PR it would not be construed as caving in since it has been our consistent position from the beginning.

We should also consider, if this approach makes sense, whether we tie in the 5.7% raise for all Federal employees making it effective July 1. Since the Comparability Act contemplates our doing this and since this is the amount of the BLS figures, Federal employees would, I think, react favorably. Adding this, however, would be something of a concession made in the middle of the strike. It might be a desirable concession, however, to head off further trouble.



Charles W. Colson

To finance this we could ask for a 2¢ increase in first class mail rates as part of the package.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

March 24, 1970

238

FOR: JOHN D. EHRLICHMAN
FROM: MURRAY M. CHOTINER
SUBJECT: POSTAL STRIKE

John Cosgrove, past President of the National Press Club, National Press Building, phoned with the following suggestions concerning the postal strike:

1. There is a Mail Users Council in existence which consists of the large mailers throughout the United States. Mr. Cosgrove is a member of it and believes the Postmaster General or the White House can call upon the Council to lend its advice and support in the efforts to settle the mail strike. The PMG is familiar with this group.
2. To disabuse the public of any idea that the difficulty is between the White House and the postal workers, the President should call in the leaders of Congress who have to deal with the subject to participate in a conference concerning steps to be taken.

Murray

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DEPARTMENT OF THE ARMY
OFFICE OF THE UNDER SECRETARY

Under Secretary of the Army
Thaddeus R. Beal can be reached
by telephone on OX 5-0441, ext 215.

~~Milit. Misc.~~
238



DEPARTMENT OF THE ARMY
WASHINGTON, D.C. 20310

23 MAR 1970

MEMORANDUM FOR THE UNDER SECRETARY OF THE ARMY
SUBJECT: Request for Assistance from the Post Office Department

You are hereby delegated all authority vested in me in the
attached memorandum from the Secretary of Defense.

Stanley R. Resor

Stanley R. Resor
Secretary of the Army

Attachment
As Stated

27