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NOVEMBER 20, 1969

TO: ED MORGAN
HENRY CASHEN

FROM: TOD HULLIN

RE: POSTAL ACADEMY PROPOSAL

Attached is a copy of a memorandum from Don Rumsfeld to Ehrlichman concerning the Postal Academy proposal that OEO is supposed to fund.

Rumsfeld feels there are some real problems in this and would like to know what John thinks.

Would you two get together to determine if Ehrlichman has any thoughts on the above subject?

Many thanks.

Attachment

26-1

OFFICE OF ECONOMIC OPPORTUNITY

NOV 20 1969
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON, D.C. 20506

November 19, 1969

MEMORANDUM TO: Honorable John D. Ehrlichman
Assistant to the President
for Domestic Affairs
The White House

Subject: Postal Academy Proposal

At the October 17 meeting of the Urban Affairs Council, the Postmaster General made a proposal for the creation of a postal street academy for disadvantaged youth. The proposal called for 90% funding by OEO. Unfortunately, I was not briefed on the program until after the meeting. Subsequently the new people I have brought on board have looked into the matter and have reservations about funding the proposal through OEO.

The Postmaster General has worked long and hard in preparing this program. He is very eager to make a public announcement. He has brought into the Post Office Department some excellent, experienced, dedicated individuals to work on this activity.

The result is that you have got a whale of a fine Cabinet officer addressing himself to an urgent problem and basing his plans on OEO funding of nearly \$4 million over a two-year period.

We have been cutting back community action agencies which perform a similar function on the basis that funds are tight. We have just been criticized for participating in the White House Conference on Food and Nutrition. Our appropriations will very likely be cut by the Congress, and of the total \$2 billion request, two-thirds is already administered by other agencies, including Labor, HEW, Agriculture and Commerce. The flexibility we now have for new OEO activities is obviously very limited.

Query: What do you know about this subject, and do you have any thoughts to contribute?



Donald Rumsfeld
Director

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POST OFFICE DEPARTMENT
ASSISTANT POSTMASTER GENERAL
BUREAU OF PERSONNEL
WASHINGTON, D.C. 20260

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November 25, 1969

MEMORANDUM FOR Postmaster General Blount

Don Murdock, Mr. Rumsfeld's assistant, telephoned me this afternoon relative to our request that they finance 90 percent of our proposed Postal Academy program.

He advised me that OEO, including Mr. Rumsfeld, were not inclined to support this program. When I asked him why not, he stated that he felt the program as proposed was not truly a pilot project because previous efforts along these lines had established the merits of the principles involved.

He further stated that with the shortage of OEO money that the available money should be used to support true pilot projects. During our discussion he felt that the financing of this project could very well be covered by Department of Labor Manpower Development Training Act funds or appropriate funds of HEW.

Frankly, I agree with the decision of OEO and even suggested this route to them back in our original discussions. It would be my expectation that the Secretary of Labor could well grant us the funds in light of the part time work opportunity we are making available to dropouts. Perhaps you will recall the Department of Labor's offer to the Independent Mail Service Group which was to train employees of theirs to become letter carriers. If they even entertained this thought, ours should be even more appealing.

I am acquainted with the MDTA programs and feel that this route, rather than HEW, is the logical one for us to go. Perhaps a call from you to George Shultz would pave the way for me to present our program to them on December 1.

WCH
Kenneth A. Housman

P. S. Since dictating the above, OEO again called to stress the point that they believe our program should be an "operational one," which term makes it eligible for consideration by the Department of Labor or HEW. Murdock also advised that he would recommend to either of these two agencies the merits of our program.

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re-org?

OCTOBER 18, 1969

TO: BRYCE HARLOW
HARRY DENT

FROM: JOHN EHRLICHMAN

This will confirm that Bryce Harlow and Harry Dent will contact Postmaster General Blount at the President's request at the earliest possible time to discuss the political aspect of his operation of the Post Office Department.

You are to evaluate whether or not it then will be necessary for the President to meet with the Postmaster General in order to further our objectives.

THE WHITE HOUSE

WASHINGTON

October 6, 1969

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TO: TOD HULLIN

FROM: HENRY C. CASHEN *HC*

SUBJECT: Post Office Reorganization Bill
and Pay Commission Bill

This should serve as a status report with respect to the PO Reorganization Bill and the Pay Commission Bill (H. B. 13000 sponsored by Rep. Udall). Pursuant to a meeting held on October 3 with John Whitaker; Bill Timmons; Ted Klassen, Deputy Postmaster General; Dave Nelson, General Counsel, Post Office; Paul Carlin, Congressional Liaison, Post Office; and Bob Hampton, Chairman, Civil Service Commission, the following points were covered:

1. A vote will be taken Wednesday, October 8 on whether to support the PO Reorganization Bill or the Dulski Bill. Subsequent to this vote amendments will then be submitted to whichever bill prevails. Accordingly, the PO will have a more definite status indication after Wednesday's vote.

2. H. B. 13000 is presently being held in the Rules Committee and can possibly continue to be held for another two weeks. Once it comes out of the Rules Committee it is the general consensus that it will be very quickly passed by the House. It is the further feeling that the Bill also will very easily pass the Senate.

3. Bob Hampton does not feel that he will be called by the Senate Committee to testify on Postal Pay rates until possibly a month from now. However, a Bill in opposition to 13000 is being prepared by the CSC and the BOB and will strongly oppose 13000. Hampton's testimony will be in accord with this Bill.

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4. It seems apparent that H. B. 13000 will pass Congress and have to be vetoed by the President. However, at the time action for veto is required the President will already have put forward an Administration position through Hampton and will be in a better position to veto.

5. The PO Department understands that there is only a limited amount of time during which we can take no opposition to H. B. 13000 and they agree that after it has passed the House, positive action will have to be taken regardless of the status of the PO Bill.

6. Exec. Order 10988 will continue to be held.

7. Regular meetings of this group will continue so as to keep the representative parties properly advised.

THE WHITE HOUSE

WASHINGTON

September 19, 1969

TO: TOD HULLIN

FROM: HENRY C. CASHEN II 

For at least the next ten days, the problems between the Civil Service Commission and the Post Office regarding the postal pay rate increase have been coordinated. I will continue to keep you advised as this develops further.



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The Postmaster General
Washington, D.C. 20260

October 1, 1969

~~SECRET~~

MEMORANDUM

TO: The President

FROM: Winton M. Blount
Postmaster General

I refer to my memorandum to you of July 17, 1969, copy enclosed. I feel even more strongly that if a revision to E. O. 10988 is issued, plus some mechanism established for automatic setting of government employees' wages, then we can forget about meaningful postal reform.

At the legislative leadership meeting on Friday, September 19, Congressman Ford and others strongly agreed to this position. These two points plus pay increases are the only tools we have to bargain with the postal unions. And due to their influence in Congress, it would be a disaster to give on any of these points without a substantial quid pro quo.

I recognize the pressures that can build up on all of these issues and I say that is exactly what we want to happen, so that some movement can be forced in the monolithic posture of the unions' opposition to the Administration's postal reform proposal.

I reiterate my request that no action be taken on any of these items prior to my having an opportunity to discuss this with you in greater detail.

DECLASSIFIED
E.O. 12958, Sec. 3.6

By 4m Date 9/26/97

July 17, 1969

~~SECRET~~

MEMORANDUM TO THE PRESIDENT

I am deeply concerned about the timing of the proposed new labor-management Executive Order to replace E. O. 10988 as regards its effect on the reform legislation for the Post Office Department. E. O. 10988 is really bad labor-management relations in many ways and, by comparison, what we propose in the Post Office Department reform stands out like a shining light. If the new E. O. is issued it will greatly reduce the appeal of our legislation to union groups. In addition, Congressman Udall has introduced legislation that not only deals with pay for postal employees now, but it sets up a permanent panel for automatic annual adjustments of wages for government employees. This legislation gives "comparability" of government pay with that in private industry with no possibility of trade-offs in collective bargaining as proposed in our reform legislation. There is a danger that Congress will expedite this legislation.

With these two, the new E. O. and the automatic comparability adjustments, the unions will have no incentive whatsoever to support our legislation. We have been working very hard to convince the unions to support us. I do not think we should issue the new E. O. without getting a commitment from the unions to support our legislation. We have something they want, the new E. O., and they have something we want, their support of our reform legislation. We have been living with E. O. 10988 for years and have been talking about a revision for more than two years. I question whether a few months' delay will be damaging.

Respectfully,

Winton M. Blount

WMB:cg

(Taken by telephone from *Los Angeles*)

July 17, 1969

MEMORANDUM TO THE PRESIDENT

One of the major factors contributing to inflation is the large wage settlements in the construction industry along with declining productivity. The wage settlements, which in many instances is in the \$3.00 to \$3.50 an hour increase over two or three-year contracts, have a very adverse spillover of effect in all other industries. Many cities now have contractors in the construction trades that will pay \$10.00 to \$12.00 an hour at the end of contracts now existing. Both the wage and productivity problems are affected to a great degree by a severe shortage of skilled workers. This shortage causes many projects to work overtime, raising the cost of the project and further contributing to inflation. This creates a situation where the skilled workers flock to these overtime jobs and, in effect, either drastically slows down the remaining projects or forces them also to go to overtime, setting up a fruitless and endless cycle.

Keeping in mind the fact that government buys thirty to forty percent of all construction, there are a number of things that government can do in this area:

1. The government could and should order all of its projects to hold to a forty-hour work schedule. This would require a willingness to pay the price of delayed completion schedules in many instances. In my opinion, it would be well worth the price.
 - a) In many instances requirements of a government agency have the effect of causing overtime on construction projects. I have in mind agencies such as the Federal Power Commission requirements to have the power companies committed to producing power from a particular project by a certain date.

July 17, 1969

2. Government could conduct a massive training program to produce skilled electricians, pipefitters, carpenters, etc., in a greatly shortened period of time. It is inexcusable for the apprenticeship programs to take so long with today's techniques for training. This program could well fit in with the program for non-white employment and also for the returning Vietnam veteran. I have in mind as many as 500,000 per year in these skilled trades. There would have to be a commitment on the part of the government to see that the building trade unions be required to accept these trained people for membership. To accomplish non-white employment in construction, you have to increase non-white membership in unions. It is my view that requiring the contractors to guarantee employment of a set percentage of non-white on construction projects is either unworkable or a requirement to work non-union.
3. Government could act as a catalyst in bringing together the fragmented construction industries, the buyers of construction and the labor unions. There exists the beginning elements of this effort in private industry today. The Construction Users Anti-inflation Round Table, headed by Roger Blough, is just being started and could fit into this effort.

Respectfully,

Winton M. Blount

WMB:cg

(Taken over 'phone from San Diego)

STATEMENT OF DAVID A. NELSON
GENERAL COUNSEL, POST OFFICE DEPARTMENT
BEFORE THE
SUBCOMMITTEE ON POSTAL RATES OF THE COMMITTEE ON POST
OFFICE AND CIVIL SERVICE
HOUSE OF REPRESENTATIVES
March 27, 1969

MR. CHAIRMAN. I am pleased to be here this morning to testify on H.R. 8434, a bill introduced by Chairman Dulski. This bill would amend Title 39 U.S. Code to provide additional free letter mail and air transportation mail privileges for certain members of the United States Armed Forces and increase the maximum size of parcels admitted to the parcel air lift service, usually referred to as PAL mail.

The Department notes the great interest this Committee has had and still has in assuring that our Servicemen in the field have the best in mail service. In 1965 this Committee originated the free mail service for servicemen's letters from combat areas and the space available air service, generally known as SAM. In 1966 and again in 1967 legislation sponsored by the Committee strengthened and amended these provisions of law. It was the 1967 legislation that instituted the PAL service.

H.R. 8434, if enacted, would extend these various services.

Presently Section 4169 of Title 39 U.S. Code establishes free mailing privileges for Members of the Armed Forces in designated combat areas, and for servicemen hospitalized in facilities under the jurisdiction of the Armed Forces as a result of disease or injury incurred as a result of service in a designated combat area. The bill under consideration today would extend this free mailing

privilege to all servicemen stationed outside the 48 contiguous states, as well as to servicemen hospitalized in an Armed Forces facility as a result of disease or injury incurred while on active duty. The bill provides for a similar extension of the existing privileges which friendly foreign troops now enjoy under certain circumstances.

The bill would also extend the air lift of second-class publications to or from Armed Forces post offices to encompass all overseas areas. The air lift is currently restricted to designated combat areas, to isolated, hardship and combat areas overseas, and to places where adequate surface transportation is not available; these restrictions would be eliminated by the bill.

In general, the bill contemplates that the cost of the expanded mail services for which the bill provides would be borne by the Department of Defense. In our judgment, the extent to which the cost of furnishing mail service for members of the Armed Forces should be paid from Defense Department appropriations, rather than being paid by the individual mailer, is a matter on which the views of the Department of Defense are undoubtedly more significant than those of the Post Office Department. The effect that an extension of free mailing privileges might have on troop morale, on reenlistment programs, and on the resources of the military departments are all matters on which we would defer to the views of the Department of Defense.

Post Office Defers to D.O.D.

Our one reservation with regard to the bill is that the reimbursement provisions now contained in subsection (f) of Section 4303 of Title 39 -- which provisions would be applicable to the expanded services specified in the bill -- would not permit adequate reimbursement to the Department if the present bill were enacted. The current provisions would not be adequate because they do not provide for reimbursement with respect to the transportation of mail to or from an APO address in Alaska, Hawaii or other areas outside the continental United States but under the sovereignty of the United States. We are submitting separately suggested language that would rectify this situation.

Section 3 of the bill would increase the permissible size of parcels in the PAL service from 60 inches in length and girth combined to 72 inches. It is our understanding that the purpose of the increase is to allow heavier parcels to be admitted to this service. The present size limitation precludes many parcels from reaching the 30 lb. authorized weight limit. (In this connection it should be observed that while 72 inches is only 20% greater than 60 inches, the increase in the maximum cubic content would be from 1.2 cubic feet to 2 cubic feet. A parcel 20"x10"x10" in size would meet the maximum size limit under the existing law, while a parcel 24"x12"x12" would be acceptable under the bill.)

The Department has no objection to this increase in size. However, should the average weight of parcels be increased substantially as a result of enactment of the legislation, it may become necessary to increase the air lift fee to meet increased transportation charges. That fee, as you know, is now set at \$1 per parcel regardless of weight or destination.

*Adm:
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POSTAL REFORM 303

[w/ Paul Amund]

4/7/70

PERSONNEL AND EMPLOYEE-MANAGEMENT RELATIONS

The Post Office Department and the seven exclusive postal employee organizations have agreed that the jointly sponsored postal reorganization and pay bill must provide a statutory framework for collective bargaining over all aspects of wages, hours, and, in general, all matters that are subject to collective bargaining in the private sector. This statutory framework must establish methods for conducting elections and for resolving negotiating impasses.

Accordingly, it is proposed that the jointly sponsored postal reorganization and pay bill contain statutory provisions, complete in themselves, authorizing collective bargaining over wages, hours, and other matters that are subject to collective bargaining in the private sector, including, but not necessarily limited to:

- o grievance procedures
- o final and binding arbitration of disputes
- ~~o seniority rights~~
- o seniority rights
- o holidays and vacations

- o life insurance
- o medical insurance
- o overtime
- o training
- o safety
- o leave of absence
- o promotions
- o demotions, and
- o 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, by law, be given jurisdiction over representation matters and over charges of unfair labor practices by either labor or management.

As provided in Sec. 801 of H. R. 4, as reported by the House Post

Office and Civil Service Committee, rank and file postal employees, *shall be in the postal career service,*
~~would remain a part of the Civil Service~~
which shall 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.

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 restructured Post Office Department.

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

*[contains amendments
suggested by Padmacheer]*

4/7/70

POSTAL STRUCTURE

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

This means that the postal establishment must be insulated from direct control by

- o The Bureau of the Budget
- o The Treasury Department
- o The General Services Administration
- o The ~~Congress~~ Congress, *and*
- o ~~The General Accounting Office, and~~
- o The White House.

To be "self-contained," the Post Office must be given the means to operate on a self-sustaining basis, ~~without depending on Congressional appropriations.~~ *in order to* The Post Office ~~cannot~~ be "self-contained," *finally,* *must have:*

- o continuity of responsible management
- o appropriate control over postal rates
- o a workable means of borrowing in the private market
- o freedom from partisan political intervention, and

- o the right to engage in collective bargaining with representatives of its rank and file employees over wages, hours, and, in general, all other matters subject to collective bargaining in the private sector.

Accordingly, it is proposed that the Post Office Department be restructured as an independent establishment in the Executive Branch of the Government, in accordance with the provisions of section 104 of title 5 of the United States Code, which defines the term "independent establishment" as:

"An establishment in the executive branch which is not an Executive department, military department, Government corporation, or part thereof"

The new independent establishment would be called "The Post Office Department." Its operating head would be a Postmaster General, who would be appointed by a nine-member commission on postal costs and revenues. The Postmaster General would be vested with full authority to manage the day-to-day operations of the Department.

POST OFFICE

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THE WHITE HOUSE
WASHINGTON

April 16, 1970

MEMORANDUM FOR JOHN EHRLICHMAN

From: William E. Timmons *WET*

Subj: BiPartisan Meeting on Postal Reorganization
Cabinet Room, April 16, 1970

With reference to Leadership attendance at the above meeting the following applies:

JERRY FORD: came late because of conflicting engagement. He was also here for morning SALT briefing.

CARL ALBERT: was in Cabinet Room 11:00 to 11:30 and told us he would have to leave then because of House session.

THE SPEAKER: declined invitation because of House action demanding his time.

MIKE MANSFIELD: originally accepted; attended SALT briefing. Probably did not show because Senate went into session at 11 a.m.

HUGH SCOTT: declined because of speech he had to give at, I believe, the GOP Leaders meeting in town.

We did not invite Whips.