

March 20, 1970

MEMORANDUM FOR BILL TIMMONS

From: Dick Cook

Bill Kendall called to say that Postal strike has spread to Northern New Jersey and that their District Office has received over 50 constituent phone calls this morning - most either blaming RN or wondering why doesn't he do something about it.

Kendall suggested that if their experience is similar to other affected areas that RN should consider going on TV to explain what brought about the situation and the strenuous efforts he is making to improve mail service and the lot of postal workers thru the Corporation and overall reform.

Before retaliatory moves are made against the unions for employees, Bill's suggestion might have much merit.

MEMORANDUM

DATE: March 18, 1970

TO: Gene Cowan

FROM: Paul N. Carlin

SUBJECT: Postal Reform

On March 12 the House PO&CS Committee voted to accept a compromise proposal on Postal Reform. By a margin of 17 to 6 the Committee voted to substitute the language of the compromise for the language of H.R. 4 (the Dulski Bill) as marked up by the Committee. This compromise has both the support of the Administration and of the National Association of Letter Carriers. Highlights of the compromise bill include the following provisions:

1. Creation of a public authority, known as the U.S. Postal Service Authority, to operate the postal system.
2. Formation of a 13-member Executive Council to direct the activities of the Authority.
3. The formation of the 13-member Advisory Board, composed of representatives of postal labor organizations, major mailers, and the general public, to advise the Executive Council on rates, services, and employee compensation.
4. The creation of postal career service. The Civil Service Retirement System will be retained in full. Political tests or qualifications will be prohibited.
5. Collective Bargaining will determine compensation, benefits and terms of employment. Bargaining impasses are subject to a 90-day cooling off period with fact finding, followed by binding arbitration, if needed. Management must (through collective bargaining) reduce the waiting time for the top pay rate in-grade from the present 21 years to 8 years or less.
6. Up to \$10 billion in bonds may be issued. The Treasury may be required to purchase up to \$2 billion and can purchase more at its option. Treasury guarantee of all bonds is authorized. The Authority is given until January 1, 1978, to bring its costs and revenues into balance. During the transition a general public service subsidy is authorized. Special public service allowances will continue indefinitely.

7. Rates for each class of mail must cover, as a minimum, all costs demonstrably related to that class. A panel of 3 Presidentially-appointed Rate Commissioners will hold public hearings on rate proposals and make its recommendations to the Executive Council. The Executive Council has authority to change rates; only public members, however, may vote on rate issues. Rate decisions of the Executive Council can be overturned by a two-thirds vote of either House of Congress during a 60-day period.

8. Provision for a two-step salary increase for postal employees (PFS 1-6 and rural carriers) effective January 1, 1970 (average increase of more than 5.4%).

No further action will be taken on the compromise bill until minority views have been submitted. The next step will be consideration of the bill by the House Rules Committee. Once a rule has been granted, the bill will then go to the House floor for consideration by the entire membership, probably during the first half of April.

After concluding its open hearings, the Senate PO&CS Committee deferred action on postal reform until the House Committee reported its bill. The Senate Committee staff has drafted a proposed bill which is described in the enclosed attachment. There are numerous objectionable features in this proposed Committee draft - which was only released to the Committee members this morning - a few hours before their Executive Session.

We strongly favor the version of H.R. 4 which is described in this memorandum.

RESUME OF PROPOSED BILL DRAFTED BY SENATE PO&CS COMMITTEE

1. The Post Office Department would continue as an executive department with the Postmaster General appointed by the President for a term of seven years..

2. The Postmaster General is authorized to borrow up to \$10 billion from the Secretary of the Treasury by issuing postal bonds which shall be amortized over a period of 30 years and repaid by direct appropriations from the Congress and not by postal revenues.

3. The Postmaster General is authorized to bargain collectively with recognized employee unions with provisions for binding arbitration in the event of labor disputes.

4. The Postmaster General is authorized to set postage rates through an independent Postal Rate Commission which rates shall not be submitted to Congress for approval;

5. Establishes a public service allowance equal to 10% of annual costs of operations to be appropriated by the Congress. In determining the necessity for a rate increase the Postmaster General shall subtract from estimated expenditures 10% plus 1/2 of the amount spent for postal modernization out of bond revenues. If the estimated revenue does not equal estimated expenditures as reduced, he shall request a rate increase.

6. The Postmaster General is authorized to classify mail through the Rate Commission.

7. All mailers within any class of mail shall pay the same rate, but for a period of 10 years after enactment, non-profit organizations and other mailers who now pay preferential or special rates shall be given special rate treatment to absorb the necessary adjustment. Regular mailers (newspapers and business mailers) who now pay less than cost, but not at intentionally preferential rates by law, will have a five-year period of adjustment.

8. Postal employees remain in the competitive civil service and retain civil service retirement and veterans' preference benefits.. Other fringe benefits may be negotiated, but any direct or indirect money benefits now received shall continue in effect until changed by negotiations.

9. The transportation provisions of the bill provide:

- a. Star route carriers will have their contracts negotiated only where the rate exceeds \$25,000 per year;
- b. Motor common carriers are authorized to carry the mail by contract;
- c. The Postmaster General is authorized to contract for the air carriage of mail under limited circumstances with CAB approval or without CAB approval where no scheduled carrier serves the route; and authorizes by law the present air taxi program.

*Postal
Refund*

January 23, 1970

MEMORANDUM FOR THE POSTMASTER GENERAL

FROM: JOHN EHRLICHMAN

SUBJECT: POSTAL PAY

I agree with you that it is important that the Administration's position on the postal pay question be very explicitly stated and that all of us involved in the issue take a consistent line. The following reflects my understanding of the Administration's position with which you and I are in agreement based on our phone conversation this morning.

"It is the position of the Administration that the comparability issue cannot be related to the postal pay reform package now being considered. Postal employees will be treated on the same basis as all other Federal employees while they remain in the Federal service. As to any subsequent Federal pay legislation which may be recommended by or approved by the President, the adjustment contained in the present legislation will not be deducted.

The Administration's comparability pay recommendations contained in the budget include postal employees."

The foregoing leaves all of the President's options open as to when and what basis he will accept comparability. It does say that we will not treat postal employees differently if and when there is a general Federal pay increase.

I do not suggest that we issue this statement publicly but rather that it be a guide for all of us in dealing with Congress and/or the unions.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

November 20, 1969

*file:
Postal Pay*

TO: EUGENE COWEN
BILL TIMMONS ✓

FROM: HENRY C. CASHEN *HCC*

SUBJECT: H. R. 13000

Attached is a rough outline from Bob Hampton with respect to his position on H. R. 13000. As I think I told you, Hampton and Red Blount met with Senators McGhee and Fong to discuss the possibility of trading a pay increase for postal reform. Bob Mayo has approved the pay increase which Blount is talking about and Senator McGhee will approach the unions.

Mayo strongly suggests, and I agree, that the White House should be involved prior to Blount's considering any counter-offer by the unions to his pay increase proposal.

Attachment.

*11/21
Dick -
for you?
Thanks!
OH*

OUTLINE OF APPROACH TO BE TAKEN IN TESTIMONY ON H. R. 13000

(Assuming no opportunity for acceptance of
Administration proposal)

1. Very strong opposition to H. R. 13000 -- reasons in President's letter and others on principle.
2. Pay is essentially a problem of Employee Management Relations.
3. Weakness in present system is not so much a concern with principle of pay comparability with private enterprise but a feeling of inadequate participation of employee unions and representatives in the pay-setting process.
4. H. R. 13000 gives this type participation to employees but at the same time denies the President, the Chief Executive Officer, a true opportunity to exercise his responsibility in any meaningful way.
5. Present circumstances
 - strong pressure for a pay increase from postal unions
 - desire of classified to be treated equally
 - Administration's postal reform proposal setting negotiating rights with postal unions on pay
 - severe budgetary restrictions for fiscal '70
 - exclusion of the President from pay setting machinery

make it practically impossible to come up with meaningful pay reform proposals which address themselves to solving the principal problems.

[This does not mean that the Executive wants to diminish the important role of the Congress in setting pay policy or in reviewing administrative decisions respecting changes in pay levels or structure.]

6. It is our recommendation:

One: that H. R. 13000 be rejected by this committee.

Two: that for the next year the committee mandate the Administration to:

- A. Extend, under present system spelled out in 1962 Act, meaningful consultation to the unions in the pay setting procedures to the maximum extent possible.
- B. Establish comparability rates effective April 1, 1970 and an additional pay increase April 1, 1971.
- C. Meet with qualified union representatives within the next few months with the objective of submitting a joint pay reform proposal to the Congress.

This proposal shall recognize the three essential elements in the pay picture.

- (1) The Role of Congress -- Which of course we would not attempt to determine -- as our proposal would be submitted to the Congress not in the form of a bill -- but a study leaving a total option on this point to the will of Congress.
- (2) The Role of Unions -- In terms of participation on structure of survey -- setting of payline -- machinery to resolve differences with the President's agents (BOB and CSC).
- (3) The Role of the Executive Branch -- In terms of Presidential responsibility -- operations of systems -- principles to be followed.

In summation -- in order to establish effective machinery, recognition must be given to the employer-employee relationship -- principles and policy binding on both parties as established by Congress -- credibility in terms of proper pay for employees and acceptance by the taxpayer.

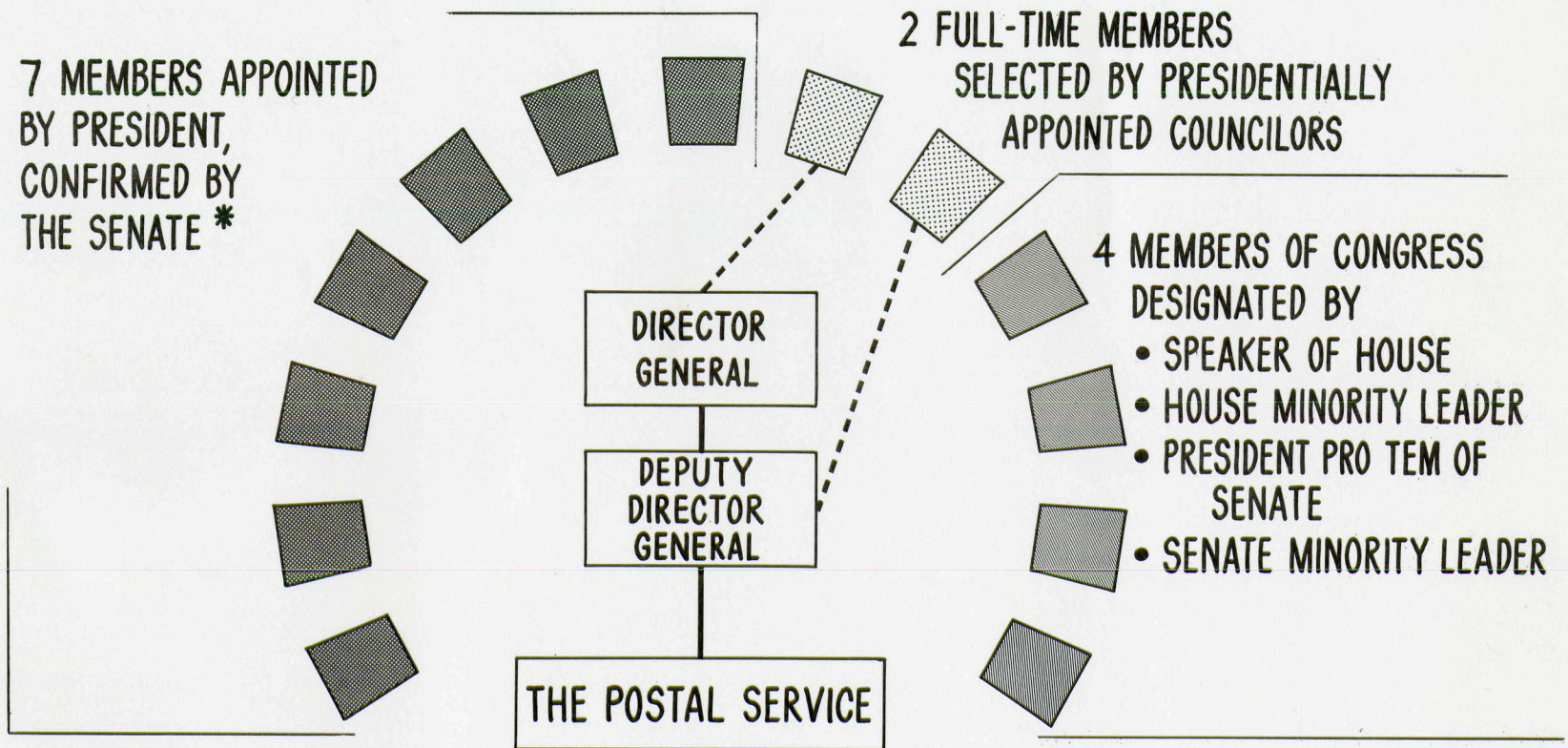
Only by meeting these principles will we be able to meet our obligation in a way acceptable to the parties involved -- reduce acrimony -- and truly establish a better system for handling pay (which gives due recognition to contemporary problems).

**MAJOR PROVISIONS OF THE
POSTAL REFORM AND SALARY ADJUSTMENT ACT OF 1970**

- CREATION OF A PUBLIC AUTHORITY, KNOWN AS THE U.S. POSTAL SERVICE AUTHORITY, TO OPERATE THE POSTAL SYSTEM.
- FORMATION OF A 13-MEMBER EXECUTIVE COUNCIL TO DIRECT THE ACTIVITIES OF THE AUTHORITY.
- TWO-STEP SALARY INCREASE FOR PFS EMPLOYEES EFFECTIVE JANUARY 1, 1970 (AVERAGE 5.4% INCREASE).

THE EXECUTIVE COUNCIL

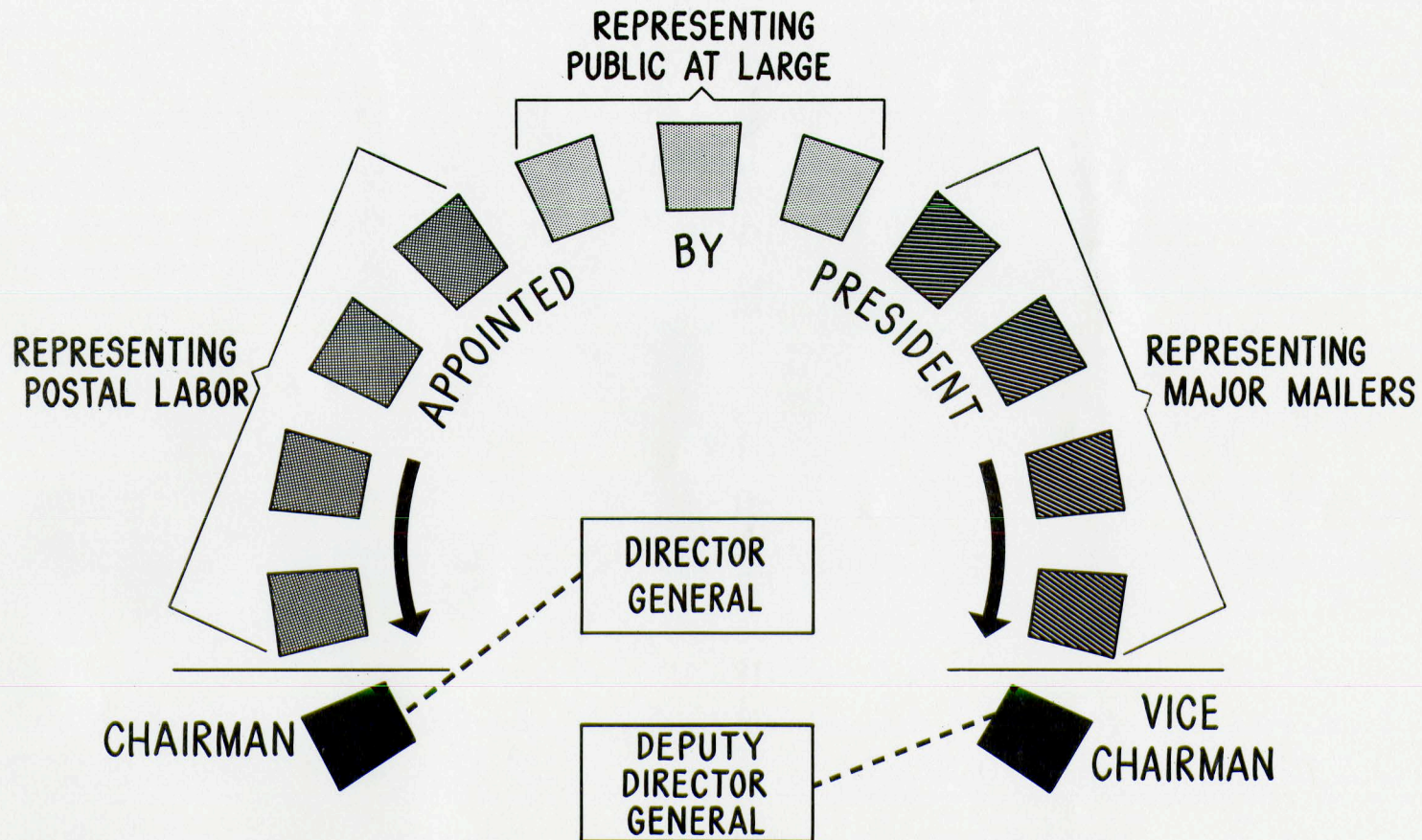
(13 MEMBERS)



* NO MORE THAN 4 FROM SAME POLITICAL PARTY

THE ADVISORY COUNCIL

(13 MEMBERS)



PERSONNEL

POSTAL CAREER SERVICE

- Civil Service Retirement System retained in full
- Political tests or qualifications prohibited
- Veterans' Preference retained
- CSC must approve adverse action procedures for non-represented employees

COLLECTIVE BARGAINING TO DETERMINE COMPENSATION, BENEFITS, TERMS OF EMPLOYMENT

- Initial contract to be effective January 2, 1971
- Bargaining impasses subject to 90-day cooling-off period, followed by automatic binding arbitration, if needed
- No bargaining over fringe benefits for first two years

FINANCES AND RATES

- Up to \$10 billion of Bonds may be issued, maximum of \$2 billion per year. Treasury may be required to purchase up to \$2 billion and, at its discretion, may purchase more.
- Authority given until January 1, 1978 to balance costs and revenues (augmented by public service appropriations).
- Rates for each class of mail must cover all costs demonstrably related to that class.
- Panel of Rate Commissioners holds public hearings on rate proposals and makes its recommendations to Executive Council.
- Executive Council has authority to make rate adjustments.
- Public hearings required prior to major service changes.

BILL INCORPORATES MANY FEATURES OF H.R. 4, INCLUDING HOUSE COMMITTEE AMENDMENTS

- DECLARATION OF POLICY
- FUNCTIONS OF POSTAL MODERNIZATION AUTHORITY
- STATUTORY RECOGNITION OF EMPLOYEE ORGANIZATIONS
- PROHIBITION ON POLITICAL INFLUENCE
- TRANSPORTATION PROVISIONS
- COMPTROLLER GENERAL FREEDOM TO DETERMINE FREQUENCY
AND EXTENT OF AUDITS

***AND, IN GENERAL, THE PROVISIONS
OF H.R. 11750 RELATING TO:***

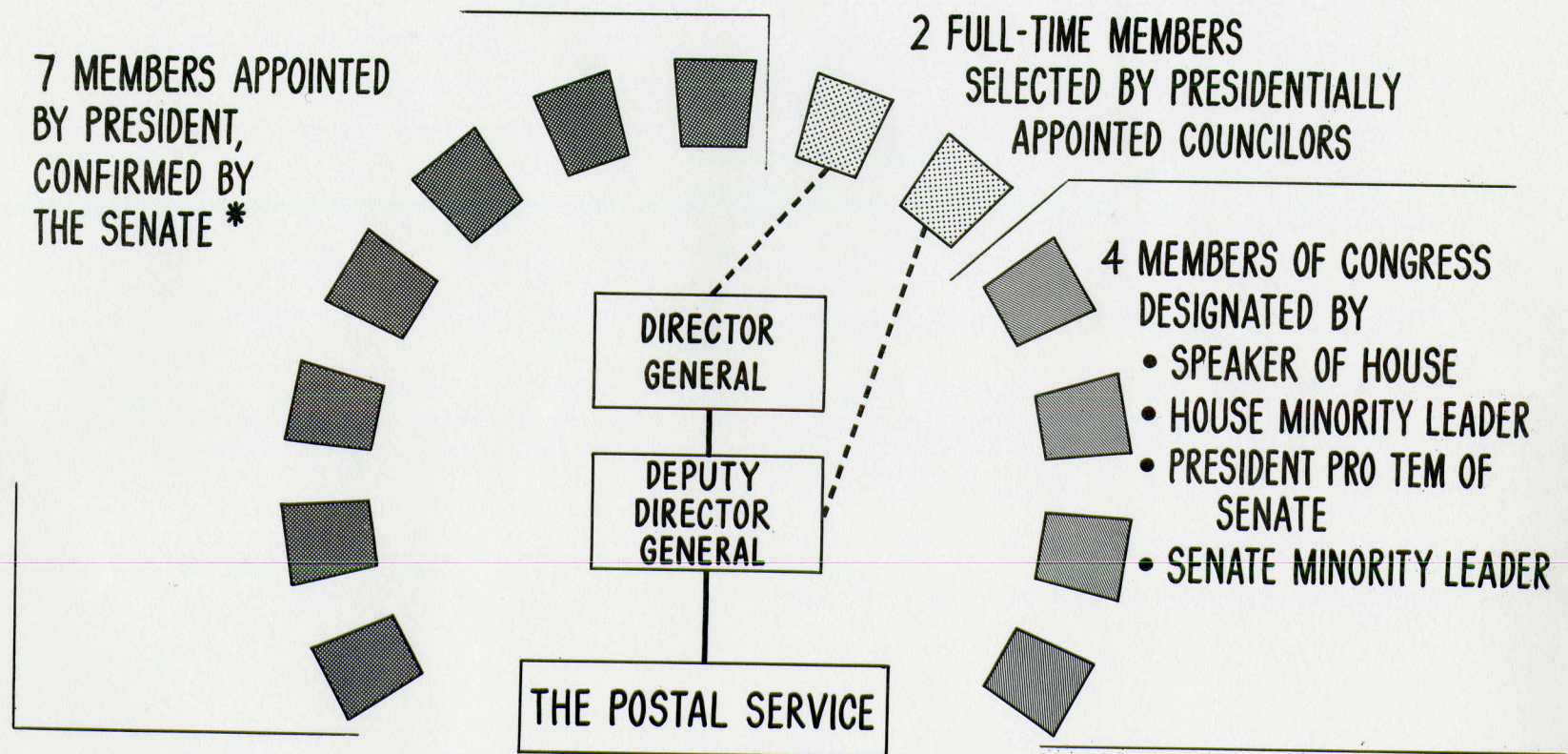
- POSTAL SERVICES AND MAIL MATTER
- COMPARABILITY OF POSTAL COMPENSATION AND BENEFITS WITH THE NON-FEDERAL SECTOR
- CONTINUATION OF PRIVATE EXPRESS & INTERNATIONAL MAIL STATUTES
- CONTINUATION OF CRIMINAL LAWS (FRAUD, OBSCENITY, THEFT OF MAIL, ETC.) AS STATUTES
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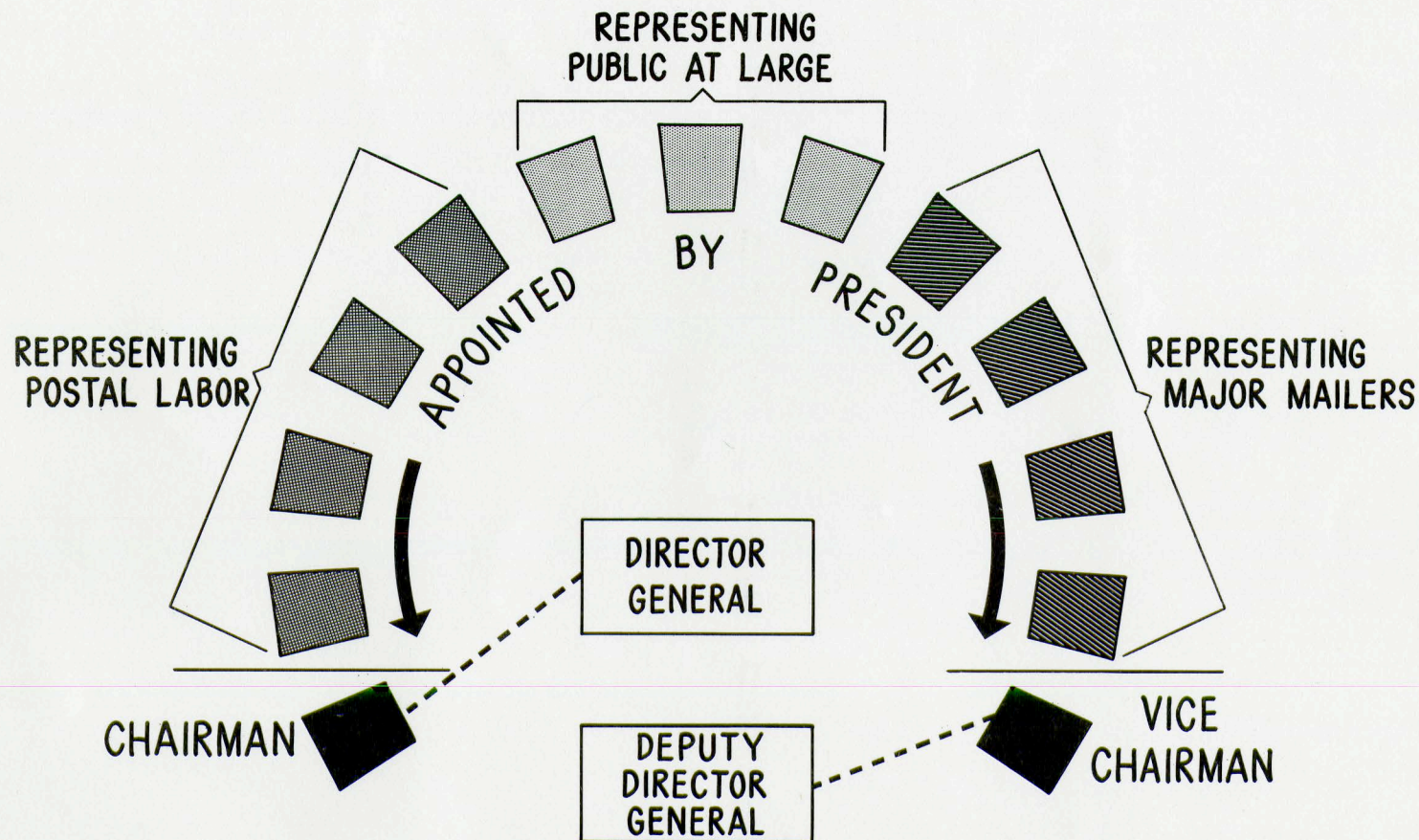
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*** NO MORE THAN 4 FROM SAME POLITICAL PARTY**

THE ADVISORY COUNCIL

(13 MEMBERS)



**ADVISES EXECUTIVE COUNCIL ON RATES,
SERVICES AND EMPLOYEE COMPENSATION**

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***AND, IN GENERAL, THE PROVISIONS
OF H.R. 11750 RELATING TO:***

- POSTAL SERVICES AND MAIL MATTER
- COMPARABILITY OF POSTAL COMPENSATION AND BENEFITS WITH THE NON-FEDERAL SECTOR
- CONTINUATION OF PRIVATE EXPRESS & INTERNATIONAL MAIL STATUTES
- CONTINUATION OF CRIMINAL LAWS (FRAUD, OBSCENITY, THEFT OF MAIL, ETC.) AS STATUTES
- EXPLICIT RESERVATION OF POWERS TO THE CONGRESS

June 11, 1970

MEMORANDUM FOR BILL TIMMONS

FROM: DICK COOK

The House Committee on Rules this afternoon granted a rule to the Postal Reform bill. It provides for four hours, open rule, waiving points of order against the Committee-reported bill and the Udall-Derwinski substitute, making it in order for the House to consider the Udall-Derwinski bill as an amendment in the nature of a substitute, and the Committee reported amendments as an original bill for the purpose of amendments.

The rule is everything we wanted except for denial of the request that the rule provide for the deletion of the retroactive pay feature from the Udall-Derwinski substitute. This would have been highly irregular.

In any event, we will now have to seek to have the May 15 retroactive pay date removed by Floor amendment -- a difficult task unless the unions under Biemiller's direction realize approval of the Henderson amendment hinges on deletion of retroactivity.

cc: Henry Cashen
Bill Casselman

EYES ONLY

THE WHITE HOUSE
WASHINGTON

ROUTE SLIP

APPROVAL

DATE

BT

KB

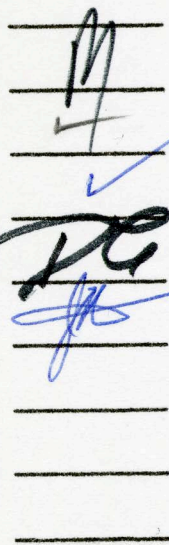
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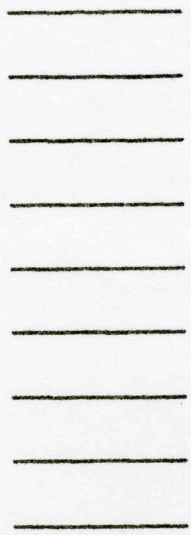
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After circulation, please return to:

B.C.

Good job and
Excellent
conclusion.

D. C.

BC -
PLS circulate staff
BT

EYES ONLY

March 25, 1970

MEMORANDUM FOR: JOHN EHRLICHMAN
BRYCE HARLOW

FROM: DAVID A. NELSON

SUBJECT: Deficiencies in S. 3613

As requested earlier today by the Postmaster General, here is a brief outline of some of the deficiencies in the McGee-Fong postal reform bill. We did not see this 106-page bill until last Friday, and we have, of course, been occupied by other matters since then. Because of the haste in which the bill was reviewed and the summary prepared, this memorandum may contain some errors of commission: in any event, we have certainly omitted much that could have been said. The outline will, however, give you the general trend of our thinking.

EYES ONLY

ORGANIZATION

- The Post Office would remain an Executive department, subject to a variety of rigid statutory constraints with respect to personnel, fiscal and other matters.
- Postmaster General would have a statutory seven-year term, and could not be fired for mediocre performance. While the President would be free to drop the Postmaster General from his Cabinet if desired, the Postmaster General -- even when not of the President's party -- would remain in the statutory line of succession to the Presidency, directly behind the Attorney General.

PERSONNEL

- Postmasters and all other postal employees except "the heads of such offices as the Postmaster General determines" would be appointed in the Competitive Civil Service. This makes it difficult for the Department to hire the right kind of people in the numbers that are needed, forces us to hire the wrong kind of people for many jobs, and locks us in to a cumbersome personnel program that is very poorly adapted to the needs of a modern commercial enterprise.
- Collective bargaining unit determinations, representation questions and unfair labor practice proceedings would all be left with the Assistant Secretary of Labor, rather than the NLRB. While the NLRB leaves much to be desired, it is somewhat more insulated from political pressures than the Assistant Secretary of Labor is, and it has statutory enforcement powers that the Assistant Secretary of Labor lacks.

- The criminal sanctions of the Labor-Management Reporting Act (Landrum-Griffin) would not apply to the postal unions.
- The union shop would not be a bargainable issue, even in non-right-to-work states. While this is arguably an advantage, Ted Klassen believes that the power to bargain over the union shop, where not prohibited by state law, would give us tremendous leverage in negotiations with the unions, and could be of critical importance in making the fundamental reforms in our personnel program that are essential to an efficient operation.
- The Norris-LaGuardia Act would be made applicable, and Federal courts could not issue temporary restraining orders or injunctions against strikes like those experienced in the past week.

EYES ONLY

FINANCES AND RATES

- The Post Office Department would never be self-sustaining.
- Congress would be subsidizing the Department -- and thus the mail users -- by huge annual appropriations equal (under my interpretation of some very ambiguous language) to the revenue foregone on free and reduced rate mail, plus 10% of the sum of the Department's operating costs and 1/2 of the amount expended from borrowed funds on capital improvements. The deficit that Congress would underwrite forever, under this formula, would be substantially in excess of \$1 billion a year. A subsidy of this magnitude would
 - insure excessive political influence on the Post Office through the Congress;
 - encourage excessive use of the postal system in preference to other forms of communication; and
 - promote sloppy and inefficient management practices.
- While the Postmaster General could borrow a total of up to \$10 billion, as under H.R. 4, he could not borrow more than \$750,000,000 in any one year. H.R. 4 permits annual borrowings of up to \$2 billion, of which \$500,000,000 could be for operating expenses. Under S. 3613, borrowed money could be spent only on capital improvements.
- All borrowings would necessarily be from the Treasury; direct access to private investment capital would be barred. This has at least two drawbacks:
 - the discipline of having to satisfy private lenders of the efficiency of our operation would be lost; and
 - all of our borrowings would necessarily be included in the portion of the public debt that is subject to the statutory debt ceiling.

EYES ONLY

- GAO apparently would be given power to disallow Post Office Department expenditures.
- The Bureau of the Budget would apparently retain its power of apportionment with respect to capital improvement funds. (This question was very thoroughly discussed when the Administration's original reform proposal received BOB clearance. At that time Dr. Burns argued very persuasively -- and successfully -- that the apportionment power is inappropriate insofar as a reformed Post Office is concerned.
- The Department's power to forgive claims against its own employees and others would be unreasonably restricted and would be made subject to GAO control to an undesirable degree.
- The postal rate structure could apparently be changed only once a year, thereby ruling out the continuous "fine tuning" of the rate structure that we ought to have.
- A rate commission appointed in a way that could well make it a highly political body would make annual recommendations on rate changes to the Postmaster General; the Postmaster General could only accept or reject these recommendations, and could not make appropriate modifications.
- In lieu of a Congressional veto over rate changes, the courts would be empowered to overturn rate changes not considered to be supported by substantial evidence on the record. The bill would make no provision for interim rates pending litigation -- a glaring deficiency in view of the labor-intensive character of the postal business. The third class mailers have been lobbying very hard indeed for exactly this type of rate setting mechanism, and Senator McGee (or his staff) obviously got the message.
- Mail classification would be handled in accordance with the same unworkable procedures.

EYES ONLY

TRANSPORTATION

- Authority to contract with supplemental air carriers -- granted under H. R. 4 -- would be eliminated.
- Authority to contract with certificated air carriers would be limited to situations in which at least 5,000 pounds of mail -- no more than 5% of which could consist of letter mail -- would be transported on each flight. The CAB would have a veto power over any such contract. All such contracts would have to run for at least one year. None of these restrictions is found in H. R. 4.

SUMMARY

The President began his message of May 27, 1969, by saying that "Total reform of the nation's postal system is absolutely essential."

S. 3613 would private halfway reform.

While substantially increasing the Postmaster General's authority, it would leave an excessive degree of control in the hands of Congress and the Congressional committees. The Department would thus continue to be exposed to the kinds of political influences that have historically been the bane of its existence.

Whatever legislation is enacted now may well prove to be something we shall have to live with for a long time to come; we had better get it right the first time, because we may not have a second chance.

The President is sure to get much of the credit -- or blame -- for whatever reform bill is passed. The public is not likely to discriminate very carefully among the different brands of postal reform now being peddled; in the public eye, any legislation enacted under the postal reform label is going to be widely accepted as the "total reform" called for by the President. No reform at all -- for the time being -- might well be preferable to a reform bill that fails to give us the tools we need to do the job right.

Henry Cashen
discussed Williams
resolution w/
Ehrlichman &
agrees it should
be held

2:25

THE WHITE HOUSE

WASHINGTON

BT

I have "unofficially" informed Holland of the WH and POD positions on the Williams resolution. The Senate will take no action either today or Saturday.

Holland recommends that we get back to him Monday AM with an updated reading.

BC 3/20

Sell

Recil Holland, Griffin

* Williams Resolution

Some of Senate Resolution, reverts
fed criminal offense

① PMG take means enforce

② Atty. Gen. " " " "

③

Delay action on Resolution --- in calendar.
Understate arrests and firing -- threat
that never carry-out.

Modemacher -- Noted Stille.

Bunker already as Ceyan to ^{radio} wage. Understate
enforce law --- blocking.

Alternative -- Postal Refuse. July 1970 ---
Under - management.

BT

Carlin just came out of a meeting with the PMG.
The PMG would prefer that the Senate delay action on
the Williams resolution. ~~and instead take it up~~ -- They do
not wish to force the issue at this point, in view of
Rademacher's meetings with the ~~over the~~

2 now in progress

PMG feels that under a delay in
Congress to raise wages and that
to force the issue at this point and
bring a national strike.

They are aware and threaten that they
could not carry out -- -- since they would
have to reduce all current working to
save the rails

Shultz - helps delay action
& resolution. Shultz meeting w/
Rademacher now.

Carl Holland F + +

W.H.

P.O.

"unofficially"

helps to delay action in
Williams Reports for some time being.

Post office

September 9, 1969

TO: Bryce N. Harlow

FROM: Bill Timmons

The PMG called me at 7:00 a.m. this morning to make certain that Postal Reform was on the Presidential "MUST" list. I assured him it was.

Also, this week sometime Blount requests a meeting with you to develop strategy for moving the reform measure through the PO & CS committee. He'll call after he gets a firmer nose count.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

April 14 - 4:45 p.m.

POST OFFICE DEPARTMENT REPORT

- 1.) On April 13 the House of Rep. passed the Treasury and Post Office Departments and Executive Office of the President Appropriations bill for fiscal 71. The bill earmarks \$8.2 billion for the Post Office Department.
- 2). The House of REpresentatives today passed by voice vote, legislation to provide a 6% salary increase for federal employees, thus clearing the bill for the President's signature.
- 3). The Transportation Subcommittee of the House Interstate & Foreign Commerce Comm. -- H.R. 16879, a bill to amend the Federal Aviation Act of 1958 by providing for the establishment of mail rates by a tariff filing procedure, today heard testimony in support of the bill from the CAB and the Air Transportation Association of America.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

April 2, 1970 - 5:00 p.m.

POST OFFICE DEPARTMENT LEGISLATIVE REPORT

1. Senate P.O. & C.S. Committee met in executive session today to continue consideration of postal reform legislation.
2. Government and postal union negotiators today agreed on a 6% pay increase for all federal employees and military personnel retroactive to December 27, 1969 and an additional 8% increase for postal workers will be provided following enactment of postal reform legislation.
3. Yesterday Congressional Liaison gave advance notice to members of congress of the appointment of Carl Wessell as Deputy Regional Director for the Post Office Department at Chicago.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

April 13, 1970

MEMORANDUM FOR WILLIAM CASSELMAN
AND BILL TIMMONS

FROM: HENRY C. CASHEN II

I. Substantive elements of new proposed postal reorganization
and pay bill:

Organizational Structure

(a) Reorganized Post Office Department known as "The United States Postal Services" becomes an independent establishment in the Executive branch of government.

(b) 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

(a) Collective bargaining on wages and working conditions as in private sector.

(b) Ban on federal employee strikes continues, binding arbitration if bargaining impasse persists 180 days from start of bargaining.

(c) NLRB supervises union elections and enforces unfair labor practice actions.

Finance, Rates, and Rate-Making

(a) Post Office can borrow up to \$10 billion from Treasury or general public.

(b) 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.

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

Pay

(a) 8% pay increase for employees of Post Office Department effective upon enactment.

(b) 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.

II. Talking points :

(1) The participants who in one form or another helped to negotiate the agreement and legislation, such as George Meaney; the Postmaster General; Secretary Shultz; Deputy Postmaster General Ted Klassen; Assistant Secretary Bill Usery, and other union leaders present, should be congratulated on the outstanding job which they have done in reasonably and effectively achieving this agreement on postal reorganization.

(2) The job of the labor union~~s~~ and the Executive Branch of the Government is now completed and the President should recommend that Congress move as expeditiously as possible in enacting this legislation on postal reorganization. Congress has been most cooperative and understanding with respect to the various events which have transpired over the past three weeks. It is now the responsibility of the leaders of both the House and the Senate who are assembled here to insure passage of the legislation that will bring a new fairness to postal employees, a new efficiency to the system itself, and a long overdue equity to the taxpayer.

(3) The President should reemphasize that each part of this agreement which he believes to be a 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.

(4) Attached is a copy of the revised pay rate schedule.

P.O. reform

March 12, 1970

TELEPHONE CALLS

CONGRESSIONAL

Rep. Ed Derwinski (R-Ill)

RECOMMENDED BY: William E. Timmons

REASON:

To thank him for his help on postal reform.

TALKING POINTS:

1. Today the House Post Office & Civil Service Committee reported out the Administration's substitute for Chairman Dulski's postal reform bill, HR 4.
2. Derwinski was the most aggressive Republican leader, holding GOP troops, and arguing for meaningful postal reform. (We're told Bob Corbett, the senior Republican, had the courage to vote "present.") H.R. Gross voted against the substitute and another GOP opponent, Bill Scott, was absent. Otherwise good party support.
3. The President may want to ask Ed about the chances for a good Rule and quick House action.
4. Rep. Morris Udall (D-Ariz) was the most helpful Democrat in Committee. However, no telephone recommendation is made because of "Mo's" political ambition in Arizona.

P.O.

March 12, 1970

MEMORANDUM FOR THE PRESIDENT

From: William E. Timmons

After months of frustration the Administration's postal reform bill was reported out of the House Post Office Committee this morning 17-6. Actually, the Post Office Department's version was offered as a substitute fo Chairman Dulski's bill.

Much credit goes to Postmaster General Blount for this signal victory.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

April 16, 1970 4:45 p.m.

POST OFFICE DEPARTMENT LEGISLATIVE REPORT

- 1). The President announced the agreement reached between the Post Office Department and representatives of the Postal Union on reorganization of the Post Office and additional wage increases for postal employees.

The agreement includes a reorganization of the Post Office Department as an independent self-supporting agency within the Executive Branch of the government with removal of the Postmaster General from the Cabinet. Also included is an 8% salary increase for postal employees effective upon enactment of the reorganization plan.

- 2) Congressional Liaison gave advance notice of the postal reorganization/salary increase agreement to the congressional leadership and Members of the House & Senate Post Office & Civil Service Committees. An outline and fact sheet of the proposal was made available to every Member of Congress by late afternoon.

THE WHITE HOUSE
WASHINGTON

4-16

B I

Bremiller has already
briefed the Postal Union
types. - We will still
get the Members out
through the Rose Garden
door of the Cabinet Room.
The Union people will
remain for the press
set-up for Blount & Meany.

Chickman will send
out for Dulski & Corbett
as requested.

THE WHITE HOUSE
WASHINGTON

April 15, 1970

MEMORANDUM FOR THE PRESIDENT

From: William E. Timmons
Subject: Postal Reorganization Briefing
Thursday, April 16, 1970
11:00 a.m.
The Cabinet Room

A list of participants is in Tab A.

A suggested agenda is in Tab B

The principal features of the postal reorganization agreement are in Tab C.

You may wish to lead your guests from the 10:45 a.m. meeting into the Cabinet Room where some of the bipartisan leaders and officers of the postal unions will be assembled.

Ron Ziegler will be prepared to bring into the Cabinet Room photographers from the White House press corps.

You will probably want to congratulate the labor officials and members of the Executive Branch on achieving the postal reorganization agreement.

MEMBERS HAVE BEEN INFORMED TO ENTER SOUTHWEST GATE AT 11:00 or earlier.

April 16, 1970

PARTICIPANTS

Executive

The President
Winton Blount, The Postmaster General
E. T. Klassen, Deputy Postmaster General

Congress

Senator Mike Mansfield
Senator Gale McGee
Senator Hiram Fong
Rep. Carl Albert
Rep. Gerald Ford
Rep. Thaddeus Dulski
Rep. Robert Corbett

Labor

George Meany, President, AFL-CIO
Francis S. Filbey, President, United Federation of Postal Clerks
James H. Rademacher, President, National Association of Letter Carriers
Herbert F. Alfrey, President, National Rural Letter Carriers Association
Lonnie Johnson, President, National Association of Post Office Mail Handlers, Watchmen, Messengers & Group Leaders
Monroe Crable, President, National Association of Post Office and General Services Maintenance Employees
Chester W. Parris, President, National Federation of Post Office Motor Vehicle Employees
Michael J. Cullen, President, National Association of Special Delivery Messengers
James J. LaPenta, Director of the Laborers' Federal Public Service Division
James C. Gildea, Executive Assistant to Mr. Meany
Andrew J. Biemiller, Legislative Director, AFL-CIO

Staff

Bryce N. Harlow
John Ehrlichman
Bill Timmons
Henry Cashen
Ron Ziegler
Herb Klein
Paul Carlin, Executive Assistant to the Postmaster General
Ken BeLieu
Lyn Nofziger

April 15, 1970

MEMORANDUM FOR THE STAFF SECRETARY

From: William E. Timmons

On the Postmaster General's request we are adding three guests to the 11:00 a.m. meeting on postal reorganization in the Cabinet Room, Thursday, April 16.

They are:

1. Mr. Lane Kirkland
Secretary-Treasurer, AFL-CIO
2. Mr. Tom Harris
General Counsel, AFL-CIO
3. Mr. David Nelson
General Counsel, Post Office Department

cc: John Ehrlichman
Dwight Chapin
Henry Cashen
Ron Ziegler
White House Police
Chief Usher

April 16, 1970

AGENDA

~~11:00 - 11:05 a.m.~~

~~Greeting and photos
The President's Office~~

11:00 - 11:10 a.m.

Photo opportunity for press corps
The Cabinet Room

11:10 - 11:15 a.m.

President's remarks

11:15 - 11:30 a.m.

Briefing on Agreement by
Postmaster General Blount

11:30 - 11:35 a.m.

Response by George Meany

11:35 - 11:45 a.m.

Leaders' Discussion

11:45 a.m.

Adjournment

11:50 a.m.

Press briefing by Blount and
Meany
The Press Room

oval
run

1045 - McGee + Fong
1055 - Dulski + Corbett

John sent under
will get Bull

7- main edrs. long back

Bremmeller charges them to go

Cong not

done

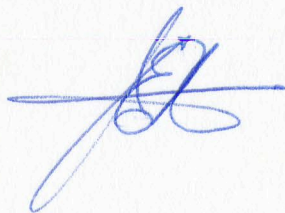
Cong types out to Rose Ida

THE WHITE HOUSE
WASHINGTON

4-16

B.J.

Blount is sending
the attached plus
the agreement to the
Hall at 1:00 pm to
coincide with our
distribution.

A handwritten signature in blue ink, appearing to be 'JL' or similar, with a long horizontal stroke extending to the left.

POSTAL REORGANIZATION AND SALARY ADJUSTMENT ACT OF 1970
CHART EXPLANATION

CHART 1 - TITLE

The Postal Reorganization and Salary Adjustment Act of 1970 is the embodiment of an agreement between the U.S. Post Office Department and the nationally recognized postal unions.

CHART 2 - HIGHLIGHTS

Reorganizes the Post Office Department as an independent establishment within the government, having continuity of top management, workable methods of finance, and appropriate control over postal rates. The Act provides for collective bargaining over wages, hours and working conditions and an 8% salary increase for postal employees effective upon enactment.

CHART 3 - COMMISSION ON POSTAL COSTS AND REVENUES

The 11 member Commission is composed of 9 public members appointed by the President and confirmed by the Senate and the Postmaster General and Deputy Postmaster General, who are selected by the 9 public members.

CHART 4 - THE ADVISORY COUNCIL

The Council consists of 13 presidentially appointed members: 3 representing the public at large, 4 representing postal labor and 4 representing major mailers. The Postmaster General serves as Chairman of the Council. The Council advises the Commission on rates, services, and employee compensation.

CHART 5 - PERSONNEL - CAREER SERVICE

Civil Service retirement benefits for all postal employees are retained in full. Political tests or qualifications are prohibited. Veterans preference retained.

CHART 6 - PERSONNEL - COLLECTIVE BARGAINING

Negotiations between labor and management must begin promptly upon enactment. Prohibition against federal employee strikes is continued. Binding arbitration is provided to settle impasses still unresolved by the parties 180 days after the start of bargaining.

Compensation and benefits must be comparable with the private sector. Through collective bargaining, the top in-grade pay rate must be compressed from the present 21 years to 8 years or less.

NLRB will supervise union elections and enforce unfair labor practice actions.

CHART 7 - FINANCES

The Postal Service can borrow up to \$10 billion from the Treasury or general public. The Postal Service must be self-supporting by January 1, 1978.

CHART 8 - RATES

Rates for each class of mail must cover, as a minimum, all costs demonstrably related to that class.

The Postmaster General proposes rate changes, the Postal Rate Board holds public hearings and makes rate recommendations to the Commission on Postal Costs and Revenues. Public members of the Commission vote on rate issues.

Rate decisions of the Commission may be overturned by two-thirds vote of either House of Congress during a 60-day period.

CHART 9 - TIMETABLE

This chart lists the principal events which will take place upon enactment of this legislation.

PROPOSED POSTAL REORGANIZATION AND PAY BILL

Organizational Structure

- o Reorganized United States Postal Service becomes an independent establishment within the Executive Branch of the Government.
- o Postmaster General appointed by and serves at the pleasure of the Commission on Postal Costs and Revenues, which has 9 public members named by the President and confirmed by the Senate.

Labor Relations

- o Collective bargaining on wages and working conditions to be authorized as in the private sector.
- o Ban on federal employee strikes continues; binding arbitration if bargaining impasse persists 180 days from start of bargaining.
- o National Labor Relations Board to supervise union elections and enforce unfair labor practice actions.

Finance, Rates, and Rate-Making

- o Post Office can borrow up to \$10 billion from the Treasury or general public.
- o 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 the U.S. House of Representatives or the U.S. Senate.
- o Post Office to be generally self-supporting by January 1, 1978.

Pay

- o 8% pay increase for employees of Post Office Department effective upon enactment.
- o 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 through collective bargaining.

3rd Draft - Postal Reorganization

4/13/70

Safire/Nelson/Cashen/Harper

TO THE CONGRESS OF THE UNITED STATES

My message of April 3 outlined the preliminary agreement that the Government reached with its postal employees after the end of the recent postal work stoppage.

In that agreement, the Post Office Department and the postal employee organizations affiliated with the AFL-CIO undertook to negotiate and jointly sponsor a postal reorganization and pay bill to be recommended to the Congress as a measure that might ultimately lead to a cure of the problems that have been festering for years in the postal system.

The negotiations went forward in an atmosphere of good will and good faith on both sides, and they have now culminated in agreement on a legislative proposal that would

-- Convert the Post Office Department into an independent establishment in the Executive Branch of the Government, freed from direct political pressures and endowed with the means of building a truly superior mail service,

-- Provide a framework within which postal employees in all parts of the country can bargain collectively with postal management over pay and working conditions, and

-- Increase the pay of postal employees by 8%, over and above the Government-wide increase of 6%, and shorten the time required to reach the top pay step for most postal jobs

I support the legislation that has been agreed to in the negotiations between the Post Office Department and the postal unions, and in transmitting it to the Congress I urge that it be given prompt and favorable consideration.

I. The United States Postal Service

The negotiators quickly agreed that the structure of the nation's postal establishment should be one that will permit the postal system to operate on an independent, self-contained basis. This means that for the first time in generations, the Post Office will be run by people whose authority will be commensurate with their responsibilities, it means that the Post Office will carry its own burden and not be a burden to the taxpayer, and it means that the Post Office will be run in the public interest of all Americans and not in the political interest of any individuals.

Fourteen months ago, I pledged that this Administration would do its best to end the system of political patronage that has been plaguing the Post Office for the better part of the past two centuries. We have kept that promise; looking to the future, only basic changes can provide permanent insurance against a rebirth of partisan politics in the Post Office.

The legislation that the postal negotiators have agreed upon, and that I now endorse, would build a firewall between postal affairs and political patronage.

I propose that the Post Office Department be reorganized as an independent establishment known as "The United States Postal Service." The new establishment would be organized in a way designed to make it at least as free from partisan political pressure as such presently existing independent establishments as the Federal Reserve System, the Securities and Exchange Commission, and the National Aeronautics and Space Administration.

The Postmaster General would no longer be a member of the Cabinet, under this proposal, and the Postal Service would be insulated from direct control by the President, the Bureau of the Budget and the Congress.

Instead of being appointed directly by the President, the Postmaster General would be selected by nine public members of a bipartisan Commission on Postal Costs and Revenues. These nine Commissioners -- not more than five of whom could be from the same political party -- would serve nine-year statutory terms, under appoint by the President with the advice and consent of the Senate. The Postmaster General, who would hold office at the pleasure of the Commissioners, would be vested with full authority to manage the day-to-day operations of the Postal Service

The legislation would provide the new Postal Service with the means of achieving

- Continuity of top management, with the tenure of the Postmaster General based on performance and not on politics,

- Appropriate control over postal rates, with a Postal Rate Board holding full and fair hearings on rate changes proposed by the Postmaster General, and with either House of Congress being empowered to veto proposed rate changes by a two-thirds vote,

- A self-supporting postal system,

- A workable method of raising necessary funds by borrowing from the Treasury Department or from the general public, and

-- Collective bargaining over wages, hours and, in general, all working conditions that are subject to collective bargaining in the private sector

These were essentially the goals spelled out in the proposal for postal reform that I sent to the Congress in May of last year. The independent postal establishment on which agreement has now been reached would provide an excellent means of achieving those goals.

Any proposal for massive reform of a Government organization as important as the Post Office Department is bound to generate opposition from those who have a vested interest in preserving the status quo. In this instance, however, the initial opposition to postal reform has largely melted away in the face of the urgent national requirement for a better postal system. Further delay in starting on the road towards postal excellence would be indefensible.

II. Postal Employee-Management Relations

The negotiators have agreed that there should be a statutory framework for collective bargaining in the postal establishment resembling that of private industry.

The people of this nation cannot and will not submit to the coercion of strikes by employees of the Federal Government. Since strikes by employees of the new Postal Service must be prohibited, a workable alternative to strikes must be provided -- an absolutely

impartial means of resolving differences between postal management and postal employees without the public being subjected to interruptions in the postal service. That is what the proposed legislation agreed upon by the postal negotiators provides.

I propose that the new United States Postal Service be empowered to engage in collective bargaining with recognized employee organizations over wages, hours, and working conditions generally, with negotiating impasses being finally resolved, if necessary, by binding arbitration.

Determination of collective bargaining units, recognition of collective bargaining representatives and adjudication of unfair labor practice charges would be handled by the National Labor Relations Board under procedures similar to those that have long been followed in the private sector.

In addition to wages and hours, matters that are subject to collective bargaining would include such things as grievance procedures, final and binding arbitration of disputes, seniority rights, holidays and vacations, life insurance, medical insurance, training and promotion procedures. Employee benefits enjoyed today would be carried forward, and, in the case of rank and file postal employees, any change in such benefits would be subject to the collective bargaining process.

Negotiations over new labor agreements would be expected to begin ninety days before the expiration of existing agreements, and there would be a statutory guarantee of final and binding third party arbitration to resolve negotiating impasses after a ninety day cooling-off period, an outside fact-finding panel would try to assist the parties in reaching agreement, and opportunities for mediation and conciliation would be provided.

All postal employees would retain their full benefits under the Civil Service retirement system and under the existing Federal workmen's compensation laws. The provisions of the Veterans Preference Act would continue to apply, as would the provisions of Title VI of the Civil Rights Act of 1964. The labor standards provisions to which Government contracts are made subject would be made applicable to contracts entered into by the new Postal Service.

Finally, the right of every postal employee to petition Congress would be expressly preserved by statute.

III. Postal Pay

In many parts of the country -- particularly in our great urban areas -- the pay of postal employees has lagged seriously behind the pay received for comparable work by employees in private industry. The general 6% increase has alleviated that problem for most employees

of the Federal Government, but it fails to take into account two important considerations that are unique to the Postal Service

-- The need to offset the limited opportunities for job advancement that most postal workers have traditionally faced, and

-- The need to allow postal workers to share the benefits of the increases in efficiency and productivity that should be attainable under a properly reorganized postal system.

These factors played an important part in the thinking of the postal negotiators during their discussions on the pay question.

I propose an additional pay increase of 8% for postal employees, effective immediately upon enactment of the reorganization law, with prompt collective bargaining over pay schedules under which the time required for rank and file postal employees to reach the top pay step in their respective labor grades will be compressed to not more than eight years.

IV. Postal Rates

As the new Postal Service will be self-contained, so should it be self-supporting, as it will be non-profit, so should it be non-loss.

If the pay increases that the postal negotiators have agreed to recommend are put into effect promptly, and if postal rates were to remain where they are today, postal expenditures would exceed postal

income in 1971 by approximately two and one-half billion dollars

A postal deficit of this magnitude would be indefensible at any time, during a period when inflation is threatening the economic well-being of every American family, such a deficit would be totally irresponsible.

Last week I proposed a plan for raising first, second and third class postage rates to a level that would bring postal income fully into balance with anticipated postal expenditures. This plan included a proposal for increasing the price of the first class stamp to ten cents. Understandably, this met with limited enthusiasm, yet it provided a specific illustration of the true cost to the user of our mail service.

In the course of negotiations, an alternative proposal was made to cushion the immediate effect of the application of the principle of pay-as-you-go on the users of the mail. Under this plan, the general taxpayer would pay 10% of the total cost of the new postal service in the first year, with that percentage of support declining each year until the mails were completely self-supporting by the end of calendar 1977.

Though the goal would be delayed, the acceptance of the principle of pay-as-you-go -- even in stages -- is a fundamental breakthrough.

I prefer an immediate end to subsidication, but since the principles of pay-as-you-go and postal reform are so important, I am ready to accept this gradual but steady approach to that goal.

I also prefer the method of raising most of the needed new revenues from first-class users, since three out of four letters in this classification are business mail, first class mail -- contrary to popular belief -- does not now pay its own way. Again, however, I consider the principles of pay-as-you-go and postal reform to be overriding, and I am willing to make adjustments in my original proposals so as to raise more revenues from other classes of mail as well.

In the interest of making realistic progress toward the objective of bringing postal expenditures into balance with postal revenues, I now propose to

- Increase the price of the first class stamp to eight cents;
- Keep the price of the air mail stamp at ten cents,
- Increase second class postage rates an average of 50%, and
- Increase third class bulk rates an average of one third
(the same percentage increase as first-class), while increasing
third class single piece rates from six cents to eight cents.

These rate increases will generate additional revenues of \$ _____, enough to put the new, independent United States Postal Service on the road to a sound, pay-as-you-go basis, with the 10% contribution by the Federal taxpayer completely phased out in 1977.

V. Toward Postal Excellence

Neither better pay nor better organization will, in and of itself, guarantee better mail service.

Laws do not move the mail, nor do dollars. What moves the mail is people -- people who have the will to excel, the will to do their work to the very best of their ability.

The United States is fortunate to have such people in its postal system today. As the Postmaster General has urged, these people must be retained, in the years ahead, more like them must be recruited. This legislation would represent an important step toward that end.

Enactment of the legislation that I now propose would give our postal employees the means to attain a goal they have never before had the means of attaining -- the goal of building, in America, the best postal system in the world.

That is a goal worth striving for. With this postal reform legislation, it is a goal that can be achieved.

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 it promptly; it is eagerly awaited by those who need better mail service and those who need greater opportunity in a revitalized postal system.

THE WHITE HOUSE

WASHINGTON

POST OFFICE

1. The House PO & CS Cte met in Executive Session both this morning and afternoon to continue consideration of a H.R. 17070, the Postal reorg and salary adjustment act of 1970. Chairman Dulski announced that the Cte will continue afternoon and evening sessions until action is completed on the postal reform bill.
2. The Senate PO & CS has scheduled Executive session for Tuesday, May 12th to consider postal reform leg.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

May 7, 1970 - 4:30 p.m.

POST OFFICE DEPARTMENT LEGISLATIVE REPORT

The House P.O. & C.S. Committee met in executive session to consider the House Benefits bill and take up amendments to the Postal Reform legislation.

No action was taken.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

May 20, 1970

POST OFFICE REPORT

1. The Postmaster General met with Minority Leader Jerry Ford to discuss strategy for enactment of H.R. 17070, the Postal Reorganization and Salary Adjustment Act of 1970.
2. The House Subcommittee on postal rates continued its hearings on postal rate increase legislation. Testimony was heard from the American Association of Nurseymen, Mail Order Association of Nurserymen, and the National Newspaper Association in opposition to the proposed rate increases.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

May 13, 1970

POST OFFICE DEPARTMENT REPORT

1. The Senate P.O. & C.S. Committee met to hear an explanation of a new committee print on postal reform legislation submitted late last night by Chairman McGee. Chairman McGee gave a brief explanation of the proposal, characterizing it as a "compromise". Following the committee meeting Senator McGee made a statement to the press in which he expressed the hope that the committee would favorably report the proposal by Thursday afternoon or Friday at the latest. The proposal provides for several changes in the rate-making procedure and includes a 10% "public service" subsidy for the postal service.
2. The House Subcommittee on Postal Rates continued hearings on postal rates increases. Testimony was heard from the Magazine Publishers Association, Newsweek Magazine, American Newspaper Publishers Association and other representatives of the media.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

May 14, 1970

POST OFFICE DEPARTMENT REPORT

The House Subcommittee on Postal Rates continued hearings on postal rate increase legislation. Testimony was heard from former Postmaster General J. Edward Day, representing the direct mail advertising association, and representatives of the Agricultural Publishers Association and the Associated Third Class Mail Users.

Mr Day expressed his continued opposition to postal reform along the coporate idea, but admitted that it now appears that postal reform will be enacted by this Congress.

May 21 - 5:00 p.m.

POST OFFICE DEPARTMENT LEGISLATIVE REPORT

1. The scheduled meeting of the Senate P.O. & C.S.
was postponed until Friday, May 22 when Chairman
McGee returns from Wyoming.
2. The scheduled executive session of the House P.O. & C.S.
was cancelled due to lack of business.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

May 20, 1970

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To: Bill Timmons
Office of the President
The White House

Dick -
MUST watch!
- BOT



From—

Hugh Newton

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

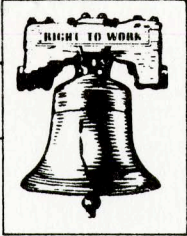
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Post Office

A COALITION OF EMPLOYEES AND EMPLOYERS



NATIONAL RIGHT TO WORK COMMITTEE

1900 L STREET, N. W.

WASHINGTON, D. C. 20036

TELEPHONE: 296-0720—AREA CODE 202

The following statement was released by Congressman David N. Henderson
(D-North Carolina) Thursday, May 14.

"I have recently been quoted by the press as saying that while I plan to offer on the House floor an amendment to H.R. 17070 guaranteeing to all postal employees the right to join or refrain from joining unions that I 'don't have any confidence that it will pass.'

"This is in error. I did express a lack of optimism about the prospects for my amendment to be approved by the House Post Office and Civil Service Committee, but I have consistently stated that I felt considerably more optimistic about its chances of approval by the House.

"As a matter of fact, if the Republican members honor the pledge made in their 1968 national platform, I have no doubt that it will pass. They have a plank in that platform opposing compulsory unionism, and if they support their platform, they will vote for my amendment. Their vote, coupled with that of those on the Democratic side who we can depend upon, will be enough to assure passage."

Hugh C. Newton
Director of Information
National Right to Work Committee

HN

DAILY NEWS

310 East 42d St.

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MEMBER OF THE ASSOCIATED PRESS

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POST OFFICE REFORM

—seems to be making some progress in Congress, spurred by threats of a possible second postal strike.

The Senate Post Office Committee—chairman, Sen. Gale W. McGee (D-Wyo.)—agreed Wednesday on a compromise bill reported to suit the Nixon administration.

This measure carries an 8% pay boost for postal workers, and provides for a nine-member board to run a postal authority, with a separate commission to fix rates subject to the Postmaster General's veto.

All this sounds promising, and a revamped postal system may be operational before too long.

It is much to be hoped, though, in our opinion, that Congress will find the courage to rule compulsory unionism out of any new postal setup. Many labor leaders are hot for the union shop form of semi-slavery to be riveted on the postal workers, as a step toward similarly semi-enslaving most if not all civil servants.

The scheme, we are convinced, should be nipped in the bud, and, to repeat, we devoutly hope Congress will find the nerve to do the nipping.

MORE ON FOULED-UP STREETS

The city's streets on average are filthier than ever before. Sanitation union boss J. J. DeLury says so.

There is talk—plenty of it—that Mr. DeLury's men could markedly increase their productivity without hurting their health or their equipment.

However, it is a fact, as reported in yesterday's NEWS by Daniel O'Grady and Martin McLaughlin, that bureau-

The Inquiring Photographer

By JIMMY JEMAIL

THE NEWS will pay \$10 for each question accepted for this column. Today's award goes to A. Cleveland, P.O. Box 684, Sag Harbor, L.I.

THE QUESTION

Admissions officers at Ivy League colleges fear rising costs will drive away middle-class students. What do you think?

WHERE ASKED

Uptown Manhattan

THE ANSWERS

Robert H. Warren, Broadway, drugstore owner: "This seems to be a distinct danger. The middle class is being hit hardest by the increasing costs of a college education. The rich can absorb the higher costs, while the poor are subsidized. The middle class should be equally entitled to a subsidy."

Floyd P. Pettiford, Piscataway, N. J., concert promoter: "If these admission officers fear that this is a trend, there must be some solid reasons for it. Personally, I think that everyone who can qualify for college, Ivy League or not, should go and the government should pay the cost."

Mrs. Helen Kantrowitz, Bronx, secretary: "It's happening, and not only in the Ivy League schools. The middle class is

THE DARK AT THE TOP OF THE STAIRS



Great
I have
Original
ack

VOICE OF THE PEOPLE

Please give name and address with letter. We will withhold both on request.

THE CAMBODIAN AFFAIR

Brooklyn: Many in this country would have us pull out of Southeast Asia now. They would snuggle under the security of the

DEFINITIONS

Manhattan: Sen. Javits, formerly trying to remain contemporary, has borrowed from the radical left argot and charged the

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

/

March 26 - 3:45 p.m.

~~PAUL CARLIN~~ CALLED TO REPORT

Negotiators will go back in at 4:00 p.m.

Senate Conferees on H.R. 13000 adopted motion for retroactive pay that it should not be later than January 1, 1970.

1. Recommendations will be made when (either or)

1. President submits statement based on negotiations

or

2. Parties (government and postal unions) announce that they have reached an impasse.

House conferees - issued a statement of regret on possibility that House democrats may discharge conferees - that is then giving them option on Floor to accept amendment.

Can't do anything til Monday.

No roll call votes without 48 hour notice.

April 21, 1970

MEMORANDUM FOR BILL GIFFORD
Special Assistant
for Legislative Affairs
Department of Labor

Bill Timmons would appreciate having your comments
on the attached correspondence relating to the
applicability of Section 14 B of the Taft Hartley Act
to postal reorganization legislation.

Thank you.

William E. Casselman, II
Deputy Special Assistant to
the President

bcc: Bill Timmons

April 21, 1970

MEMORANDUM FOR PAUL CARLIN
Executive Assistant to
Postmaster General
Post Office Department

Bill Timmons would appreciate having your comments on the attached correspondence relating to the applicability of Section 14 B of the Taft Hartley Act to postal reorganization legislation.

Thank you.

William E. Casselman, II
Deputy Special Assistant to
the President

bcc: Bill Timmons

April 21, 1970

MEMORANDUM FOR JOHN DEAN
Associate Deputy Attorney General
for Legislation
Department of Justice

Bill Timmons would appreciate having your comments on the attached correspondence relating to the applicability of Section 14 B of the Taft Hartley Act to postal reorganization legislation.

Thank you.

William B. Casselman, II
Deputy Special Assistant to
the President

bcc: Bill Timmons

April 21, 1970

MEMORANDUM FOR HENRY CASHEN

From: Bill Casselman

Bill Timmons would appreciate having your comments on the attached correspondence relating to the applicability of Section 14 B of the Taft Hartley Act to postal reorganization legislation.

Thank you.

bcc: Bill Timmons

~~Bill~~

Will you quickly
Xerox copies to
Kilcullen + Nelson
exchange and shoot
them to Paul Carlin,
Bill Gifford, John Dean
and Henry Bashen for
comment. This could
be important !!

Thank

Bt

~~BC~~

4/21/70

ARE YOU CHASING
DOWN THE 14-B
PROBLEM WITH
POSTAL REORGANIZATION?
I HAVE TO GET BACK
TO SEN. BAKER ASAP.

~~BT~~

JENNINGS RANDOLPH, W. VA., CHAIRMAN

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M. BARRY MEYER, COUNSEL

United States Senate

COMMITTEE ON PUBLIC WORKS
WASHINGTON, D.C. 20510

April 20, 1970

MEMORANDUM TO · WILLIAM E. TIMMONS

FROM · Hugh Branson, Administrative Assistant to
Senator Howard H. Baker, Jr.

Please find enclosed correspondence from David A.
Nelson, General Counsel, Post Office Department, and
John L. Kilcullen which we discussed by phone
this afternoon.



Enclosure

THE GENERAL COUNSEL
POST OFFICE DEPARTMENT
WASHINGTON, D. C. 20260

March 12, 1970

Honorable David H. Henderson
Chairman, Subcommittee on Manpower
and Civil Service
Committee on Post Office and Civil Service
House of Representatives
Washington, D. C. 20315

Dear Mr. Chairman:

This is in response to your request for my opinion as to whether the proposed postal reform legislation contained in the Committee Print of March 6, 1970, if enacted into law, would override state right-to-work laws and authorize the Postal Service Authority to enter into union shop agreements applicable to postal employees in right-to-work states.

In my view the postal reform legislation would not authorize the Postal Service Authority to enter into or attempt to enforce a union shop agreement in any state having a law that prohibits the execution or application of agreements requiring membership in a labor organization as a condition of employment.

This opinion is based on the fact that section 102 of the proposed postal reform bill would add a section to title 39 of the United States Code providing, in pertinent part, that "labor-management relations shall, to the extent not inconsistent with provisions of this title, be subject to the provisions of chapter 7 . . . of title 29." (39 U.S.C. 807, as set forth on page 60 of the Committee Print.) Chapter 7 of title 29 contains a provision - originally enacted as Section 14(b) of the National Labor Relations Act, as amended by the Labor-Management Relations Act of 1947 - stating that:

"Nothing in this subchapter shall be construed as authorizing the execution or application of agreements requiring membership in a labor organization as a condition of employment in any State or Territory in which such execution or application is prohibited by State or Territorial law." (29 U.S.C. 164(b))

The subchapter in question affirmatively provides that it shall be an unfair labor practice for an employer "by discrimination in regard to hire or tenure of employment or any term or condition of employment to encourage or discourage membership in any labor organization." 29 U.S.C.

158(a)(3). A subsequent proviso in Section 158(a)(3) states that an employer shall not be precluded from making an agreement with a recognized collective bargaining representative requiring union membership as a condition of employment after the 30th day from the beginning of such employment; but, as indicated above, section 14(b) has the effect of making this proviso inapplicable in those states that have adopted laws prohibiting the execution or application of agreements requiring membership in a labor organization as a condition of employment. See Retail Clerks v. Schermerhorn, 375 U.S. 96, 103 (1963), where the United States Supreme Court, in discussing the status of state right-to-work laws in the light of 29 U.S.C. 158(a)(3) and 29 U.S.C. 164(b), stated:

"There is thus a conflict between State and Federal law; but it is a conflict sanctioned by Congress with directions to give the right of way to State laws barring the execution and enforcement of union-security agreements."

From a constitutional standpoint, there is no reason why Congress, by duly enacted statute, may not "give the right of way" to state right-to-work laws insofar as employees of a Federal instrumentality are concerned, whether such employees work in an enclave over which the United States has exclusive legislative jurisdiction or whether they work in an area over which the state government has jurisdiction. In my opinion, this is precisely what Congress would do if it enacted a postal reform bill containing the provisions set forth in the Committee Print of March 6; nowhere in the Committee Print is there any provision that is inconsistent with a Congressional intent to defer to state right-to-work laws across the board.

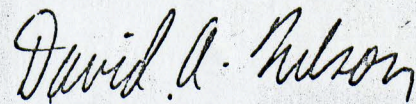
I am aware of the fact that the National Right to Work Committee has suggested, at least by innuendo, that the provisions of state right-to-work laws might not apply to postal employees, under the kind of legislation now being considered, to the extent that such employees may work on Federal reservations. The Committee has referred, in this connection, to the fact that certain attorneys employed by the Department of Defense are said to be insisting that state right-to-work laws do not apply to private employees working on Federal enclaves, and the position of the Department of Defense on this question is claimed to be at variance with the position that Postmaster General Blount enunciated when he testified on postal reform before the House Post Office and Civil Service Committee last summer.

I see no inconsistency at all between the position taken by the Postmaster General and that said to have been adopted by the Department of Defense, and I strongly disagree with the suggestion that there is even a remote possibility that the proposed postal reform legislation might make a nullity of state right-to-work laws. By incorporating the Labor Management Relations Act of 1947, the postal reform legislation would adopt a policy of deference to state law on the right-to-work issue, in those states

having right-to-work laws, thus putting the Postal Service Authority in exactly the same position, with regard to the union shop, that it would occupy were it a private business enterprise. The power of Congress to adopt such an approach is clear, and its intent to do so, as expressed in the postal reform measure, seems to me to be equally clear. I am not aware of any comparable statute applicable to Defense Department contractors working on Federal enclaves, and the reference to the Department of Defense situation seems to me to be wholly inapposite.

I trust that the foregoing adequately covers the question in which you expressed an interest.

Sincerely,

A handwritten signature in dark ink, reading "David A. Nelson". The signature is written in a cursive, slightly slanted style. The first name "David" is written with a large, looped 'D'. The middle initial "A." is written in a smaller, simpler script. The last name "Nelson" is written with a large, looped 'N' and a trailing flourish.

David A. Nelson
General Counsel

Law Offices of
Gall, Lane, Powell and Kilcullen
1250 Connecticut Avenue
Washington, D.C. 20036

JEROME POWELL
JOHN L. KILCULLEN
ROBERT M. SCOTT
WILLIAM H. WILLCOX
J. JAMES MCKENNA
PETER F. HEALEY

JOHN C. GALL (1941-1957)
WILLIAM F. HOWE (1943-1963)

JOHN F. LANE
JOHN ERIS POWELL
COUNSEL

TELEPHONE
(202) 659 1600

April 3, 1970

Mr. Reed Larson
National Right to Work Committee
1900 L Street, N. W.
Washington, D. C. 20036

Dear Reed: B L

By letter dated March 25, 1970 Congressman David N. Henderson forwarded to you a copy of a letter from David A. Nelson, General Counsel of the Post Office Department, setting forth the reasons why, in Mr. Nelson's opinion, the proposed postal reform legislation would not permit the Postal Service Authority to enforce compulsory union shop agreements in Right to Work states.

Mr. Nelson's letter argues that the proposed postal reform bill, by providing that labor-management relations of the Postal Authority shall be subject to the provisions of the National Labor Relations Act, as amended, automatically incorporates section 14(b) of that Act so as to preclude enforcement of compulsory unionism agreements in the nineteen Right to Work states.

An important point overlooked by Mr. Nelson is that some state Right to Work laws by their very terms are inapplicable to public employees, either state or federal. For example, the Georgia Right to Work law (54-901 Code of Ga. Annotated) contains the following definition of employer:

"(a) The Term 'Employer' includes any person acting in the interest of an employer, directly or indirectly, but shall not include the United States, or any State, or any political subdivision thereof, or any person subject to the Railway Labor Act, as amended from time to time, or any labor organization (other than when acting

Mr. Reed Larson

-2-

April 3, 1970

as an employer), or any one acting in the capacity of officer or agent or agent of such labor organization."

It is quite clear that if the Georgia Right to Work law by its terms does not apply to federal employees it would not apply to employees of the Postal Service Authority, and the Authority could proceed under the proposed law to enforce a compulsory unionism agreement in the state of Georgia notwithstanding the fact that it is a Right to Work state. A similar conclusion could be reached under the language of other state Right to Work laws including the North Carolina Right to Work law, which, although it does not contain the specific exclusionary language of the Georgia law, uses the term "employer" in a manner that could be construed as applying only to private employers and not governmental agencies.

In dealing with the even more critical question of whether state Right to Work laws would have applicability on federally owned Post Office properties over which the United States exercises exclusive jurisdiction, Mr. Nelson argues that the proposed bill would permit the application of such laws regardless of whether postal employees work in an enclave over which the United States has exclusive legislative jurisdiction or whether they work in an area over which the state government has jurisdiction. "In my opinion," Mr. Nelson states, "this is precisely what Congress would do if it enacted a postal reform bill containing the provisions set forth in the Committee Print of March 6; nowhere in the Committee Print is there any provision that is inconsistent with a Congressional intent to defer to state right-to-work laws across the board." In this connection Mr. Nelson takes note of the position expressed by Department of Defense attorneys that state Right to Work laws do not apply to private employees working on federal enclaves, but goes on to state "I see no inconsistency at all between the position taken by the Postmaster General and that said to have been adopted by the Department of Defense." Mr. Nelson's argument on this point is that by incorporating the Taft Hartley Act the postal reform legislation would have the effect of "putting the

Mr. Reed Larson

-3-

April 3, 1970

Postal Service Authority in exactly the same position, with regard to the union shop, that it would occupy were it a private business enterprise."

The assumptions on which Mr. Nelson's arguments are based are completely inconsistent with established law and court decisions interpreting applicable constitutional provisions. The federal enclave question is a much more complex problem than he makes it out to be, and a close reading of the proposed postal legislation shows nothing to indicate a Congressional intention to waive the federal government's exclusive legislative jurisdiction over Post Office properties in Right to Work states. Such a result does not flow, as Mr. Nelson assumes it would, from the provision that labor-management relations shall be subject to the Taft Hartley Act.

The United States Constitution (Article I, Section 8, clause 17) grants Congress the right to exercise exclusive jurisdiction over property it purchases within a state if consent is given by the legislature of the state. Most if not all states have enacted statutes expressly consenting to assumption of exclusive federal jurisdiction over federally-owned properties, with the result that post office properties are with few, if any, exceptions, exclusive federal enclaves. Under controlling judicial decisions state civil law is applicable to a federal enclave only if such law was in effect at the time the federal government acquired exclusive jurisdiction over the enclave. This was clearly spelled out by the Supreme Court in James Stewart Co. v. Sadrukula, 309 U.S. 94 (1940), a case which involved the precise question of whether the requirements of a state safety law were applicable to a post office building being constructed in New York City. Since state Right to Work laws are a fairly recent development (the earliest having been enacted in 1944) it is a safe assumption that they were not in effect prior to acquisition of most of the federal properties on which Post Offices are now situated, and would therefore not apply to such properties under the rule of the James Stewart case. A similar line of reasoning has been followed by Army attorneys in concluding that state Right to Work laws have no applicability on military reservations acquired prior to adoption of such laws.

Mr. Reed Larson

-4-

April 3, 1970

Mr. Nelson apparently feels, however, that the postal reform bill shows a Congressional purpose and intent to retrocede exclusive federal jurisdiction on post office properties in favor of state Right to Work laws. He says that the language of the bill "gives the right of way" to such laws "insofar as employees of a federal instrumentality are concerned." This, however, does not appear to be the case. It is an established rule that retrocession of exclusive federal jurisdiction can be accomplished only by an express and explicit Congressional relinquishment, divestiture of the government's proprietary interest in the property, or the occurrence of the conditions specified in the state cession statute for reversion of jurisdiction to the state. See, Report of the Interdepartmental Committee for the Study of Jurisdiction over Federal areas within the States, Part II, submitted to the Attorney General June 1957, pp 83-104; Offutt Housing Company v. Sarpy County, 351 U.S. 253 (1956); Johnson v. Yellow Cab Co., 321 U.S. 383 (1949); Fort Leavenworth RR v. Lowe, 114 U.S. 525 (1885). It would thus appear that a mere statement in the postal reform bill that labor-management relations of the Postal Service Authority will be subject to the Taft Hartley Act is not such an explicit act of renunciation of exclusive federal jurisdiction as to bring about the result Mr. Nelson suggests.

Mr. Nelson's argument that the proposed law has the effect of "putting the Postal Service Authority in exactly the same position with regard to the union shop that it would occupy were it a private business enterprise," is no answer at all to the federal enclave problem. Although private employers are now subject to Taft Hartley, and to the 14(b) provisions of Taft Hartley, their employees are nonetheless within exclusive federal jurisdiction when they are engaged on a federal reservation, and state civil statutes enacted prior to the time the federal property was acquired are inapplicable.

On the basis of the above considerations it is my opinion that there is a serious doubt that state Right to Work laws would have any applicability at all to postal service employees under the proposed legislation. It can be predicted

Gall, Lane, Powell and Kilcullen

Mr. Reed Larson •

-5-

April 3, 1970

with absolute certitude that in the event the proposed bill is enacted into law the postal unions will take this position and will insist that there was no expressed intent in the legislation to relinquish exclusive federal jurisdiction over postal enclaves in the Right to Work states. In the absence of any more precise language than that now contained in the proposed bill the courts would undoubtedly sustain their position.

Very truly yours,

John L. Kilcullen

John L. Kilcullen

JLK:jd

THE WHITE HOUSE
WASHINGTON

May 25, 1970

POST OFFICE DEPARTMENT REPORT

Senate P.O. C&S Committee met in
Executive Session today to discuss
postal reform legislation.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

May 26, 1970

POST OFFICE DEPARTMENT REPORT

1. The Senate P.O. & C.S. committee today favorably reported S. 3842 - postal reform bill. Senator Yarborough reserved the right to file a minority report.
2. On May 25, Senators RAndolph and Boggs joined as cosponsors of S. 3842.
3. The Postmaster General today presented testimony before the Senate Postal Appropriations Subcommittee on Post Office Department budget for FY 71.
4. House Subcommittee on Postal Rates continued hearings on postal rate increase legislation. The testimony was generally in opposition to the proposed rate increases..

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

PAUL CARLIN CALLED 12 50 pm 5/26/70

The Postal Reform Bill was reported out of the Senate PO &CS Committee today. The transportation aspect is the only bad feature, thinks we can live with the rest of the bill

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

April 20 - 4:00 p.m.

POST OFFICE DEAPRTMENT REPORT

1. Senator Gale McGee (D-Wyo) sharply criticized the Administration for attempting to dictate to Congress the terms of postal reorganization legislation. He contended that it takes no postal corporation to get effective labor management by law, overdue pay or compression from 21 years to 8 years for advancement (in-grade).
2. On Tuesday, April 21, the Postmaster Genearl and the Assistant Postmaster General for Finance and Administration will testify before the House P.O. & C.S. on postal rates on proposed postal rates changes.
3. On Wednesday, April 22, the Postmaster General will testify before the House P.O. & C.S. On H.R. 17070, the postal reorganization and salary adjustment act of 1970. The Committee will continue its open hearings on postal reform on Thursday April 23.

To: Bill Timmons

For your information, Senator
Goldwater speaks on postal what?

BC -
you're monitoring
POD stuff.
Right?
Bd

From—

Hugh Newton

Compulsory Unionization Sought By George Meany

MAY 27 1970

A legislative device which might eventually pave the way for compulsory unionization of some 12 million government employees federal, state and local is tied up in the strong drive for postal reform.

Although little attention has been drawn to the fact, four bills sent to Congress with the endorsement of Postmaster General Winton Blount contain authority for the compulsory unionism of 750,000 postal workers. If the concept is enacted by Congress, the action could serve as a precedent for extending the compulsion to all government workers.

The bills are deceiving. All of them contain long needed provisions for reforming our postal system, the bulk of which enjoy the support of most congressmen and a majority of taxpayers.

There is no intention here to contest the great need for changes in the present system, where postal rates keep rising, postal deficits keep increasing and postal service continues to decline.

But the need for these reforms does not justify the cancellation of rights presently enjoyed by postal employees. The law gives them the specific right to join a union if they want to; it also gives them the right not to join a union if this is their choice.

This basic right to work for government employees has been upheld by both the late President John Kennedy and President Richard Nixon in executive orders. In addition, the 1968 Republican platform specifically gave GOP support to the right of free choice for individual federal workers.

The pertinent wording in that platform reads: "Further, we pledge to protect federal employees in the exercise of their right freely and without fear of penalty or reprisal to form, join or assist any employee organization or to refrain from any such activities."

Regardless, the postmaster general has incorporated language in his reform measures that would authorize the abolition of the right of free choice by the postal workers.

This, apparently, was the major objective behind the agreement which the Post Office Department reached with AFL-CIO President George Meany. At the time of the partial strike of postal workers, Meany and the unions agreed to a package program which in-

cluded provision for postal reform as well as provision for an 8 percent raise in the pay of postal workers.

It now becomes clear that the compulsory union feature was the major goal of the AFL-CIO. Meany's testimony before the House Post Office and Civil Service Committee made this absolutely clear.

The AFL-CIO president declared that he would oppose the measure if an amendment was inserted in the legislative program to maintain the right to work for postal workers.

The amendment in question was offered by Rep. David Henderson of North Carolina. It would not alter any part of the bill except to protect a worker's right to join or not to join a union. In effect, Meany told the committee that he would reject an 8 percent raise in pay for postal workers, improved pension benefits and a reduction in the number of years necessary to attain maximum pay scale should the Henderson amendment be adopted.

A question arises as to whether Meany is saying that he isn't as concerned about improving the working conditions of the union's present membership as he is about extending that membership by force of law.

It should not be overlooked that Meany has said the significance of his agreement with the Post Office Department "will not be lost on people whose job it is to deal with public employees on the state and local level."

This is, of course, an open suggestion that union leaders in states and municipalities strive to duplicate the compulsory membership feature of the postal reform agreement if Congress is foolish enough to enact Meany's pet provision.

DANVILLE
(VA.)
REGISTER

May 17, 1970