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32	41	11/11/1968	Report	From Jim Keogh to Haldeman, Henry Loomies task force report, "Labor Incomes and Manpoer Policies," 30 pgs.

To Bob Waldeman
From Jim Keogh

file *Task force Report*

Here's Task Force
Report No I from
Henry Loomis. He
gave the "official"
copy to Pete Flanigan.
I thought I should
pass this one on
to you.

JK

November 11, 1968

LABOR, INCOMES, AND MANPOWER POLICIES

These three areas of policy, each with significant content of its own, each touching matters with explosive potential, analytical controversy and bi-partisan support, are closely related to each other and to any general strategy of economic policy. Actions in one area will have important consequences for the others. We will examine each area separately but we stress at the beginning the need for consistency of thought and integration of effort.

Our recommendations have a common philosophic base. We emphasize the importance of high employment as a goal in itself and as a necessary condition for success with vital manpower efforts, while recognizing and trying to deal with the tension between this goal and that of reasonable price stability. We cannot overstate the importance of placing on unions and companies the responsibility for making particular decisions free from government intervention and for accepting the consequences to themselves of these decisions. We believe that government should emphasize

- establishing the general environment in which individual wage, price, and employment decisions are made;
- help to leaders of unions and managements in understanding this environment and in

- acquiring realistic expectations of government responses to their behavior; and
- help to individuals in the development of their own pattern of participation in job activities.

Our more specific recommendations are a mixture of the positive and the negative; and we give emphasis to both as part of the mixture. It is as important to refrain from questionable though oft-repeated remedies as it is to move constructively and vigorously on other fronts.

On labor relations:

- Government should minimize its White House and Cabinet level intervention in labor disputes; but
- Provide strong mediation services using the most gifted private mediators as well as full time employees of government;
- Supplement the operating mediators with strong staff and analytical work;
- Seek improvement in the environment of labor relations through administrative means rather than legislative change; and
- Study on an internal basis, but as a matter of the highest priority, the problems of labor relations among employees of government, Federal, state and local.

On incomes policy:

- Hold out no hope within the Administration or to the public that "guidelines" or other policies of voluntary or compulsory restraint can play a significant role in retarding price and wage increases;
- Develop in every possible way the competitive checks that operate in product and labor markets, including use of the Government power as a buyer of products and trainer of labor;
- Seek ways to cushion the impact of unemployment on the unemployed and spread its burden more equitably among the population.

On manpower policy:

- Maintain an expanding economy and low unemployment as necessary conditions for success with manpower programs, especially those designed to draw private industry into this effort;
- Retain for the present and probably increase subsequently the present level of Federal effort with remedial programs; but
- Change sharply the method of their administration, shifting from a program basis to a service-oriented basis and simplifying the process of moving funds from Washington into the field;

-- Develop the participation of the private sector in remedial programs, building especially on the strong start already made by the National Alliance of Business in its JOBS program.

We have confined our attention to what we consider the most important points and have not tried to deal with these in a detailed manner. It may be noted that our somewhat diverse group was able to agree on the main lines of recommended action and inaction. The group did specialize to some degree. Further detail could be sought from individuals as follows:

Labor-Management:	Livernash, Brown, Mason, Livingston, Smith *
Incomes Policy:	Reder, Brown
Manpower:	Mangum, Mason, Callender **

* Smith could not participate in our final session but earlier indicated his feeling of greater urgency as to timing for legislative change in labor-management statutes than was felt by the others.

** Callender was unable to participate in our meetings but could be a valuable source of ideas and reactions, especially on employment problems of ghetto youth.

I. LABOR RELATIONS POLICY

Policy and action in the labor relations area may be considered from two points of view: (A) legislative and (B) administrative.

A. Legislative Policy and Action.

There will be strong industry pressure to seek changes in labor legislation - quite basic and far-reaching legislative change, including application of the antitrust laws to labor. We question both the necessity and the wisdom of this course of action; there is a strong consensus within our group, including two professional industry representatives, that now is not the time to seek changes in labor legislation and that emphasis should be placed upon administrative policy and action.

There are several reasons why we do not support seeking near-term legislative change: (1) Such change is not at present urgently required. Industry can live with the law as it stands and so can the unions. (2) A great deal can be accomplished through changes in the administration of the labor laws. For example, while none of us agree with recent elaborations in the duty to bargain in good faith, a very significant change could be made by not issuing these types of complaints and thus, indirectly, giving broader scope to dispute resolution through arbitration. Again,

as an example, significant change in the functioning of the Railway Labor Act could be accomplished by refusing to take cases formally into mediation and emergency board procedures until genuine bargaining has taken place. (3) Labor leaders greatly fear "anti-labor" legislation. A drive for legislative changes would confirm their worst fears. The labor climate presently is one of militancy, with labor leaders confronted by many internal problems. A working relationship needs to be established with labor. Finally, (4) the outcome of opening up labor legislation appears highly uncertain, while the unsettling effects of the accompanying acrimony are predictable. We have little confidence that controlled and truly constructive change could now be accomplished. We are, however, attaching as Appendix A a brief list of limited legislative changes which might be considered if and when the political climate appears appropriate.

B. Administrative Policy and Action

We believe that policy with respect to intervention in major crisis situations is of crucial importance. That policy should emphasize resolution of disputes through free collective bargaining and be one of reluctance to intervene. If intervention is nevertheless necessary, we support a hard-nosed type of intervention. By this we mean as balanced a view of the equities as can be achieved rather than an

opportunistic search for labor peace without regard to its price. The hope would be that both parties would regard high-level administrative intervention (and this would apply either to the Secretary of Labor or to the White House) as both remote and less than attractive.

The above point of view does not mean that the Department of Labor should not be strengthened in its labor relations function. In fact, the Department should be strengthened and reorganized from various points of view. First, we envisage some shift in emphasis in the role of the Secretary of Labor. While the Secretary should be a man commanding respect for his labor relations capacity, experience, and knowledge, the primary orientation of the position should be shifted toward manpower policies and administration. This subject is separately discussed. Second, we suggest (administratively if possible through the Reorganization Act, legislatively if necessary) abolition of the artificial distinction between the Mediation Service and the Department of Labor. The official in charge of this expanded labor-management function should rank as an Under-Secretary of the Department of Labor, on a par with an Under-Secretary for Manpower Programs. Finally, under this official there would be an operating function (mediation) and a strengthened administrative

division carrying out a labor relations research and technical assistance function. These organizational changes are not inconsistent with a basic policy of non-intervention in crisis situations.

This research and technical assistance function has a number of related purposes. It should build knowledge and understanding of problems and issues in key negotiation situations in the country. This involves following and studying in depth the negotiation calendar for each year. In addition, this research and assistance to the parties and to government officials should carry out special studies, some on a commissioned basis. These studies should be done under various organizational formats depending upon the purpose and character of the particular study. Some should be done in close relationship with the parties. Some should evaluate legislative effects. Some should study problems with a focus on alternative legislative proposals. An immediate topic of importance for research is the structure of negotiations (coalition bargaining, multi-craft bargaining, etc.)

C. Current Problems

Currently a joint (Department of Labor - Mediation Service) study unit should be established to study the 1969 negotiation scene. An initial review of

the calendar and of the deferred wage increase pattern is now in process in the Department of Labor. Fortunately, as an aside, 1969 is the light year in the three year bargaining cycle which exists in the country. The year is primarily characterized by the inclusion of the General Electric - Westinghouse negotiation. Fortunately, also, the level of already negotiated wage increases becoming effective in 1969 will be lower than first-year amounts negotiated for 1968. "Front-end loading" in three year contracts has produced to date a 1968 wage increase level of about 7.5 percent in major contracts. Second-year adjustments will be significantly lower.

The Administration must do its best not to be caught unprepared with respect to near-term potential crisis situations. Immediate attention should be given to the airline negotiations with the mechanics which open January 1, 1969. The Administration may be confronted in this situation with a vital and precedent-setting initial crisis. It could be the most difficult situation to arise during the year. The Administration will be tested as well as the parties. Unplanned action needs to be minimized. A second possible crisis could be East Coast longshoremen. The hope is that this dispute will be resolved prior to January 20th but it must be followed. A third potential crisis, electrical manufacturing, is not an immediate problem.

Finally, a most important and difficult problem area is that of public employees. We suggest an almost off-the-record, high-level internal task force to assess the appropriate detailed approach. This should not be simply a Department of Labor study, nor, in our judgment, initially a widely announced commission or participative group study. Over a period of time the Federal government will inevitably become more deeply involved in this problem at the state and local level. The question of the degree of seriousness of potential problems at the Federal level should be given early consideration. An evaluation of Executive Order 10988 is now under way and its results should be studied with care.

II. WAGE-PRICE POLICY

The presumed objective of national wage-price policy is to reduce the inflationary effect of a monetary-fiscal policy intended to facilitate economic expansion. But the evidence from this country and abroad is that voluntary restraints such as guideposts will not be effective and that statutory restraints will not be accepted and would soon lose whatever initial effectiveness they might have. The consequences of applying monetary-fiscal brakes are so painful as frequently to tempt political authorities to try to curb a wage-price spiral by threat or exhortation rather than by holding down aggregate demand. The temptation must be resisted, especially as to the activities of the Council of Economic Advisers in their efforts to influence particular wage and price decisions. By implication, the normal reaction of the government toward a key bargain or price change ought, at most, to be an expression of hope that the parties will not price themselves out of the market and an offer of mediation services.

The only constructive role for direct government intervention in wage-price setting can arise in the context of sharp unexpected changes in the near term economic outlook. War scares, the need for drastic increases in

expenditure to maintain domestic order and/or to offset national disasters, exemplify the type of situation we have in mind. Under such circumstances the ability of the Treasury and the Fed to avert inflation may well be doubted no matter how great their resolution nor how firm their pronouncements. Because the effect of monetary-fiscal action is usually felt only after a considerable time interval, inflationary expectations may therefore develop regardless of current policy. This can create a situation in which the alternatives are financial "crisis" or de facto acceptance of inflation.

Barring this limited role, we see no constructive function for overall wage-price guidelines or direct wage-price controls. Inflation must be resisted by restraining aggregate expenditure. Unfortunately such restraint tends to exact a price in terms of increased unemployment. Usually, as at present, it is possible to delay the arrival of unemployment by continuing the inflationary process. Political prudence often suggests such delay; however such delay may have a price. (Like most economists, we differ in our estimates of the size of this price and in our degree of certainty that it must be paid.) This price is (a) once inflationary expectations have taken hold, the onset of a recession and of

increased unemployment is difficult to defer except by accelerating the pace of the inflation and (b) the faster the inflation, the sharper the subsequent increase in unemployment may be. To trade current unemployment for a current increase in the price level may also be to trade a lesser increase in unemployment today for a greater increase later.

Nevertheless, we strongly urge against any tendency toward insensitivity to the consequences of increased unemployment. At any time, these are likely to be serious but especially so in the present circumstances. In our view any increase in unemployment in the immediate future will fall most heavily upon the minority groups, especially young workers, now being assisted to regular employment by the programs described below. An increase in unemployment will substantially reduce the ability of the private sector to absorb further contingents of marginally qualified workers or even to retain those it now has. Unfortunately this will continue to be true for at least the next several years.

"Structural changes" such as those suggested below will soften this conflict between increased economic opportunity for minority groups and greater price level stability. Ultimately such changes may soften this conflict considerably, but we do not believe that this desirable state of

affairs can even be approximated in the next four years. Regretfully, we warn of a continuing diet of hard choices.

Softening the Choices

While the pain of reversing a process of economic expansion cannot be eliminated, it can be reduced. The following measures should help:

(1) Increase levels of unemployment compensation to two-thirds of take-home pay. Eligibility periods for young workers should be inversely related to the local unemployment rate.

(2) In states where now prohibited, permit laid off workers eligible for unemployment compensation to receive training allowances without loss of benefits, thereby encouraging prompt return to a work routine. In addition, institutional-type training opportunities should be expanded in periods of rising unemployment.

(3) Expand on-the-job type training programs, especially in construction, to take up slack in new hirings in other industries. Try to strengthen the NAB set-up in the construction industry and arrange for expanded apprenticeship programs. Requiring minimum ratios of apprentices to journeymen on government construction contracts, as in a new California law, could increase employment of youth,

including minority youth, in construction; this requirement could be imposed by an Executive Order of the President.

(4) Despite the great and obvious difficulties, mobilize state employment services, local NAB chapters, Urban Coalitions, and other interested parties to identify as many job vacancies as possible and to publicize these vacancies in establishments where layoffs are expected. The present job vacancy statistics program of the Department of Labor provides an established foundation on which to build this program.

(5) At all times, part of the unemployment pool consists of persons who could find jobs elsewhere if only they would move. Moving allowances and subsidies will help to encourage such movement. A successful pilot program has been operated for three years under the Manpower Development and Training Act and should be made into a permanent part of manpower policy.

Improvements in Wage-Price Setting Machinery

We reject, for reasons of principle and practicality the idea of governmental intervention in the process of determining specific wage rates and product prices. However, without violating this principle, it is possible to improve

substantially the wage-price setting process in particular industries. We will discuss the construction industry to illustrate the types of things that might be done. Another problem area of importance is medical and health services.

At present, wages and prices in the construction industry are "excessive." This industry has long been a prime example of undesirable labor market behavior. Several corrective measures are possible: (1) The Davis-Bacon Act should be administered more carefully with special concern to find the rates actually prevailing for comparable work rather than simply the union scale. At present, it serves as an engine for spreading local wage increases and minimizing contractors' fear of being priced out of the market, thereby reducing their concern about union wage demands. Indeed, the automatic application of this law in new appropriations should be resisted and the possibility of repeal studied. (2) It is essential that artificial barriers to entry to the construction trades be eliminated so that there can be a large and rapid expansion of the number of building tradesmen, especially among minority groups. Suitable apprenticeship programs should be sponsored by all levels of government, with union participation where possible. Training methods should be revised and training periods shortened; state and local licensure laws should be amended where necessary. The recent collective agreement for the Boston area is an example of what concessions unions

can be induced to make in pursuit of this objective, where a quid pro quo of additional employment opportunities is provided. (3) Efforts now underway to understand clearly the causes and possible cures of seasonality in construction work and to dampen monthly swings in the income of construction workers should be pursued aggressively.

Another important aspect of the wage-price environment involves the role of international competition, tariff policy and other import regulating devices. International competition is already an important factor in steel and it is increasing in automobiles and in many other areas. Tariff reduction, or at least no increase and no quotas, would promote such competition and, for automobiles, so would liberalized tourist allowances. Steps to encourage purchase of smaller cars, where foreign producers are more competitive, such as taxes based on size or horsepower would obviously encourage imports and might be desirable on other grounds as well. "Buy American" clauses in legislation are bad and should be resisted and/or ignored wherever possible.

Still further, we advocate continued surveillance of product price fixing arrangements, by the Antitrust Division. Where unions are vehicles of product price fixing they, too, should be prosecuted.

III. MANPOWER POLICY

From time to time the federal government finds itself with a legitimate interest in the processes by which people are prepared for and find their way into jobs. Examples are the concern in the 1950's that the numbers of scientists, engineers and technicians and other professionals were not expanding rapidly enough for purposes of national security. Continuing federal support of vocational education is another example. As pointed out earlier, a restricted or too slowly growing supply of trained manpower in certain fields, such as construction and health may result in large wage increases and thereby aggravate the wage-price problem. During the 1960's, however, the emphasis in federal policy has been on the employment needs of those who, for a variety of reasons, are at a disadvantage in competing for available jobs. We agree with this current priority and direct our suggestions to ways in which this administration can capitalize on the experience with current manpower programs.

Strengths and Weaknesses of Current Policies

The manpower policies and programs of the 1960's have been useful experiments which offer a base of experience upon which to build a solid effective program. (See Appendix B for a brief description and assessment of current programs). The key problems were:

1. The backlog of unemployed and underemployed people demanded remedial efforts to the neglect of preventive ones.

2. The ad hoc crisis by crisis, legislative approach resulted in an overlapping, almost unmanageable proliferation of programs.

3. The federal initiative created nationally uniform programs not sufficiently adaptable to local situations.

4. The program by program structure required confining clients within program requirements rather than conforming services to individual needs.

Nevertheless, the groundwork has been laid. Experience has accumulated and a nucleus of capable administrators is developing. Especially hopeful has been the degree of commitment shown by private employers who are hiring and training the disadvantaged under the National Alliance of Businessmen's JOBS program. Unfortunately, this commendable program is extraordinarily sensitive to rises in unemployment. Another important new effort is Project Transition, through which the Department of Defense has, on a limited, experimental basis, given those returning veterans not likely to take advantage of educational benefits, training and other assistance to improve their job outlook. For them to return from combat to unemployment is unfair and socially dangerous. This effort should

be expanded.

In total, the manpower programs have been more successful than might have been expected, considering the unfamiliarity of the terrain and the complexity of the problems. The needs are pressing and the potential gains promising. More important than the relative success or failure of these programs has been the identification of the variety of manpower services needed in various combinations by disadvantaged persons and groups (see Appendix C for a listing of these services). Any successful effort to bring satisfactory employment to the competitively disadvantaged will require efficient delivery of these services. The challenge is to improve administrative capability, then expand rather than contract expenditures to levels more commensurate with need.

Several recent legislative and administrative decisions provide opportunities but the full exploitation of past experience will require new legislation. Congress has acted to reduce the proliferation of programs and to strengthen the administrative machinery in the manpower area. The present administration is in the midst of a desirable reorganization within the Labor Department's Manpower Administration. The new administration can build upon these developments to its credit and the nation's welfare.

Currently Unexploited Opportunities

Several opportunities for important improvements in the administration of manpower programs were opened by legislative and administrative decisions made too near to the close of 1968 to be exploited by the current Administration. It is significant that each of the legislative developments was either broadly bipartisan or under primarily Republican sponsorship.

1. Though the prevention of manpower problems was neglected through most of the 1960's, the bipartisan Vocational Education Act of 1968 offers the potential in both authority and resources to develop an effective system of preparation for employment. Whether the Act fulfills its potential depends largely upon the leadership provided by the U.S. Office of Education, highlighting the importance of the choice of Commissioner of Education.

2. Title I-B of the Economic Opportunity Act was amended nearly a year ago to allow communities to propose comprehensive manpower programs in place of the now separate NYC, Work Experience and Training, Operation Mainstream, Special Impact and New Careers programs. Guidelines have been prepared but this flexibility has yet to be implemented.

3. MDTA amendments in 1968 directed expenditure of two per cent of that program's budget to staff training.

This offers great opportunities for improved administration. It is important that training and technical assistance be provided federally to give adequate guidance and reduce the waste of duplicative efforts.

4. A new Title V was also added to MDTA providing federal matching funds to enable states to plan and mount their own programs to supplement, coordinate, improve or correct imbalances in federal manpower programs.

5. In addition to this legislation, a recent administrative decision wipes out all existing bureaus within the Manpower Administration of the Labor Department, providing an opportunity for administrative rearrangement and better management. This decision is now under attack and in jeopardy. Both the new Administration and every state governor have everything to gain and nothing to lose in encouraging completion of this reorganization. Employment Services have maintained autonomy vis-a-vis both their governors and the federal government by playing off each against the other.

6. Examination of the operation of all these programs highlights the importance of the job, Assistant Secretary for Manpower Programs. This job might well be

elevated to Under Secretary status, as suggested earlier. In any case, it is essential to fill the job with a person of great professional competence, and personal prestige.

A Comprehensive Manpower Bill

Though these opportunities can be exploited immediately by administrative decision, the priority need for the remedial programs is a comprehensive manpower bill, consolidating the lessons of experience into a single manageable program offering services adapted to community and individual need.

The bill should authorize a single appropriation for all remedial manpower services. It should list the services to be made available (as, for instance, the list in Appendix C) but should not fix the proportion of available moneys to be allocated to each service or function. Authorizing all the services within a single piece of legislation and funding them with a single appropriation would imply, though not necessarily require, putting the entire manpower budget within one federal agency. Appropriations committees should allow distribution of funds without fixing in advance the proportions to be spent for various services.

While the federal agency should maintain a strong presence by issuing guidelines, approving or disapproving

plans and proposals, evaluating performance and providing technical assistance, the actual delivery of services, except in rare circumstances, should be the responsibility of units of state and local governments.

Allocation of most of the manpower funds should be through state governments and controlled by a formula encompassing population, labor force, unemployment and poverty criteria. However, the allocation should include a "pass through" requirement to assure that funds are available to meet the needs of the larger cities. Some proportion of the total appropriation, probably about one third, should be left in the hands of the federal agency for interstate programs such as the NABS - JOBS effort and for research, experimentation, technical assistance and staff training, and service to populations neglected by recalcitrant states.

Two alternatives occur to us for actual delivery of services at the state and local level, each of which has relative strength and weaknesses. Responsibility might be assigned to a single state agency such as the state employment service. This agency, following federal guidelines permissive enough to allow adaptation to local circumstances but specific enough to assure service of adequate quality to appropriate target groups, would then be responsible for delivering the necessary services to clients throughout the

state.

Alternatively, each state and each large metropolitan area within a state could be encouraged to prepare and update annually a long range plan for use of its share of funds in relation to other available resources. The planning structure and the assignment of responsibility for delivery of service could vary according to state and local preference, though requiring federal approval.

The first alternative is administratively simpler, but the latter would allow greater state and local discretion. In either case, the complexity and unfamiliarity of the problems being addressed, the general shortage of experience and competence in this field, and the fact that the target groups are often the victims of discrimination, make necessary a meaningful federal review and approval of plans and activities.

Regardless of the alternative chosen, there must be at the community level a single contact point at which the individual client can gain access to the available services. Giving a single agency responsibility for the delivery of services to the client does not imply that the agency should itself provide all the necessary services. What is needed is a single agency representing and planning jointly with the applicant according to his needs, with the authority to purchase from public or private sources whatever services are required to make him employable, find him a satisfactory job, and help him to progress within it.

APPENDIX A

Legislative Policy on Labor Relations

The following compilation illustrates the type of legislative change that might be expected if this subject is opened up. The intent is to be illustrative rather than definitive and to suggest types of subjects rather than present final judgments.

A. The National Labor Relations Act.

1. A major National Labor Relations Act concern to employers is the frequent change in doctrine, especially the continuous elaboration of the duty to bargain in good faith. Employers could probably live with less difficulty under existing law (in spite of vagueness and subjectivity of standards) if the law could achieve greater stability. A contribution toward this end might be the creation of ten year terms for NLRB members. This change could be effectuated presumably either through changing the term for new members or for new and existing members. This difference could involve a considerable political difficulty.

2. The conviction is that there are two National Labor Relations Act areas of great significance to the future of collective bargaining in the United States. One area is the refusal to bargain in good faith; the second area is the potential development of an elaborate legal framework surrounding the negotiation unit and the negotiation structure (coalition bargaining, multiemployer and multi-craft bargaining, etc.) In each of these areas the hope would be to secure maximum freedom from legal restraint for the parties. An important reason for advancing this point of view is the growing risk and use of gamesmanship. The belief is that collective bargaining would be healthier absent these legal complications. In the first area this goal would require cutting back on existing law; in the second area this goal requires the avoidance of a future elaboration of structural prohibitions.

As to bargaining in good faith, three possibilities might be considered:

- (a) Delete 8(a)5 and (b)3 from the law.
- (b) Without regard for more refined language, provide that 8(a)5 and (b)3 complaints could not be issued relative to well established bargaining relationships.

APPENDIX A (Cont.)

- (c) Following a 1950 suggestion by Dunlop and Cox provide that "during the term of a collective bargaining agreement an offer to follow the contract grievance [and grievance arbitration] procedure satisfies any duty to bargain collectively with respect to a matter to which the contract grievance [and grievance arbitration] procedure may apply."

In view of Supreme Court decisions giving great importance and scope to grievance arbitration, a particularly strong case can be made for (c) above.

As to the second area noted it is hoped that suggestions to preserve freedom to the parties to develop bargaining structures without significant legal restraints might stem from the previously suggested study of this topic. It appears unwise to move quickly to any specific legal approach which might now be suggested. There are obviously many ramifications to this problem.

3. A good case can be made for making no changes in the emergency disputes provisions of the law.
4. The NLRB should probably not issue so-called "bargaining orders" absent an independent unfair labor practice violation. A very clear case ought to exist to refuse the election procedure to an employer in certification cases.
5. The multi-faceted situations now deemed to be within the purview of NLRA successorship doctrine have given rise to great uncertainty and controversy. The successorship issue requires careful administrative re-examination.
6. The question of enforcement of NLRB decisions should be given special study. Some procedure for allowing injunctions relating to violation of no-strike contract provisions may well be appropriate. This might well involve modifications of Norris-LaGuardia.

APPENDIX A (Cont.)

7. If legislative changes in the NLRA are sought the issue of revision of section 14(b) must be faced.

B. Special study should be given to the Railway Labor Act and its administration. It is not clear that identical policy changes are appropriate for the different industries involved. The adjustment board procedure might well be abolished.

C. It is not recommended that the situs picketing bill be supported.

D. It is specifically suggested that no changes be made in the Reporting and Disclosures Act. Additional experience is appropriate.

E. Policy with respect to federal employees.

With respect to federal policy the principal problem areas, existing or potential, are

1. The lack of any prescribed or adequate procedures and standards for bargaining unit determination.

2. The lack of adequate procedures for the enforcement of the bargaining obligation.

3. The question whether EO 10988 is too restrictive respecting the scope of collective bargaining, as to subject matter.

4. The lack of any code of union or employee unfair labor practices.

These areas should be reviewed and desired changes effectuated either through legislation (preferably) or through amendment of EO 10988. In general, the federal labor scene thus far has been fairly peaceful, but query whether the obvious militancy of unions at state and local levels will not increasingly extend to the federal level?

APPENDIX B

Status of Current Manpower Programs

The Manpower Development and Training, Economic Opportunity, Vocational Education, Vocational Rehabilitation and Social Security Acts have spawned a variety of manpower programs which are more valuable as tests of various services than as permanent administrative structures. The Manpower Development and Training Act has been the most effective and most popular. It has proved the ability of remedial basic education and skill training to enhance the employability of reasonably well-motivated but underprepared people. The skill centers developed under MDTA have provided a new concept in remedial institutions.

The Neighborhood Youth Corps in-school program made it possible for poor youth to earn money and stay in school. The summer program, in the absence of anything better, kept them off the street and provided "riot insurance." The NYC out-of-school program offered needed income but added nothing to employability, suggesting that training of the MDTA type would have been a better use of the enrollee's time and the public's money. The Job Corps developed better ways of training very disadvantaged youth but could not demonstrate that the high expense of residential facilities was necessary for other than those from areas of sparse population. Consideration is currently being given to turning the Job Corps centers over to state educational systems to be used for the latter purpose.

The Work Experience and Training program, designed to provide training and/or useful work experiences to welfare recipients and other adult poor, was unsuccessful as a whole yet it did demonstrate the necessity for a public employment program in depressed rural areas where older, immobile, illiterate workers with obsolete skills had no alternative earning opportunities and where the lack of community services and facilities made their efforts valuable. Operation Mainstream capitalized effectively on this experience with useful public service jobs for older workers. The New Careers program has opened a limited number of sub-professional jobs to the most able of the poor. Its progress has been slow, administration complex and resistance considerable. Its potential is limited but important. Special Impact, designed to promote job development in areas with concentrations of low income people has made little difference. The Work Incentive program to give training and jobs to welfare recipients has not been tested.

The Job Opportunities in the Business Sector program with its National Alliance of Businessmen is also new and has its difficulties. Despite these, the impressive commitment of many businessmen and the commendable efforts of their companies in hiring and training the disadvantaged give the program great promise. Interest has grown from a sensitive combination of social concern, publicity, subsidy and labor shortage and maintaining it may prove somewhat tenuous. The administration should be aware that any substantial rise in unemployment will make participation untenable for companies with people on lay-off.

APPENDIX C

Manpower Services Currently Available Among Various Programs

1. Outreach to seek the discouraged and undermotivated and encourage them to partake of available services.
2. Adult basic education, to remedy the lack of limited experience to alternative occupational choices.
3. Prevocational orientation to expose those of limited experience to alternative occupational choices.
4. Training for entry level skills for those unprepared to profit from the normally more advanced training which assumes mastery of rudimentary education.
5. Training allowances, to provide support and an incentive for those undergoing training.
6. Residential facilities for those from areas of sparse population or whose home environment precludes successful rehabilitation.
7. Work experience, for those unaccustomed to the discipline of the work place.
8. Job development, efforts to solicit job opportunities suited to the abilities of the disadvantaged job seeker.
9. Relocation and transportation assistance to bring the workers to where the jobs are.
10. Subsidization of private employment for the disadvantaged.
11. Job coaching to work out supervisor-worker adjustments after a job is found.
12. Creation of public service jobs tailored to the needs of job seekers not absorbed in the competitive market.
13. Supportive services, such as medical aid, for those who needed corrective measures to enter or resume positions in the world of work, or day-care centers for mothers with small children.
14. Relocation allowances for residents in labor surplus areas and special inducements to employers to bring jobs to those stranded in depressed areas.