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192

TR

ID # 043321

WHITE HOUSE
OFFICE OF RECORDS MANAGEMENT
WORKSHEET

XI H-INTERNAL

Name of Document: PRESIDENT'S SCHEDULE FEB 10 81

Subject Codes:

PR 007.01

1. Subject: Breakfast meeting with labor leaders

LA 003

2. Memo to the President re withdrawal of Department of Labor Regulations re chemical labeling, service contracts act, and Fair Labor Standards Act

LA

SO 001

FG 021

LA 006

LA 007

SA 003

3. Talking points for staff meetings

FG 006.01

4. Memo re Cabinet meeting

FG 010.01

5. Meeting with Nineteen Governors re the economy

ST

BE 004

6. Meeting with President's Economic Policy Advisory Board

FG 36'8

7. Meeting with labor leaders

8. Meeting with Family Advisory Board to receive a needlepoint gift

G1 002

ROUTE TO:		ACTION		DISPOSITION		
Office/Agency	(Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response	Code	Completion Date YY/MM/DD
RMMATT		ORIGINATOR	1 1		C	1 1
Referral Note:						

292

ID # 043321

WHITE HOUSE
OFFICE OF RECORDS MANAGEMENT
WORKSHEET

- X - MEDIA
- H - INTERNAL

Subject Codes:

Name of Document: BRIEFING PAPERS FOR
PRESIDENT'S SCHEDULED
APPOINTMENTS FOR FEB 10 81

9. Subject: Meeting with David BRINKLEY
of NBC to be interviewed as
part of the Taping of "A Day in
the Life of the President."

PR 016.
PR 011.

10. Schedule of the President for
Kennedy Center performance
of the HARRLEM Dance Theatre.

TR 001.
FG 253.01
AR

ROUTE TO:

ACTION

DISPOSITION

Office/Agency (Staff Name)	Action Code	Tracking Date YY/MM/DD	Type of Response Code	Completion Date YY/MM/DD
RMMATT	RSZ	1 / 1		1 / 1

Referral Note:

THE WHITE HOUSE
THE PRESIDENT'S SCHEDULE
Tuesday, February 10, 1981

8:00 am (15 min)	<u>Staff Time</u> (Dave Fischer)	Residence
8:15 am (60 min)	<u>Breakfast with first group of Labor Leaders</u> (Elizabeth Dole) (TAB A)	First Floor Family Dining Room
9:15 am (15 min)	<u>Staff Time</u> (Baker, Meese, Deaver) (TAB B)	Oval Office
9:30 am (15 min)	<u>National Security Briefing</u> (Richard V. Allen) <i>EM, JB, Bush, Murphy, MKD</i>	Oval Office
9:45 am (15 min)	<u>Meeting with Jim Baker, Mike Deaver, Ed Meese, Max Friedersdorf and Jim Brady</u> (TAB C)	Oval Office
10:00 am (60 min)	<u>Cabinet Meeting</u> (Craig Fuller) (TAB D)	Cabinet Room
11:00 am (40 min)	<u>Staff Time</u>	Oval Office
11:40 am (20 min)	<u>Meeting with Executive Committee, National Governors Association</u> (Rich Williamson) (TAB E)	Roosevelt Room
Noon (75 min)	<u>The President escorts the Governors to Luncheon in the Residence</u>	First Floor Family Dining Room
2:00 pm (20 min)	<u>Meeting with the Vice President</u>	Oval Office
2:30 pm (10 min)	<u>Brief dropby at Economic Advisory Board Meeting</u> (Martin Anderson) (TAB F)	Cabinet Room
3:00 pm (30 min)	<i>NEEDLEPOINT PRESENTATION</i> <u>Meeting with second group of Labor Leaders</u> (Elizabeth Dole) (TAB G)	Oval Office
4:00 pm (30 min)	<u>Speech preparation</u> (Dave Gergen) <i>Kare Washigim</i> <i>Friedersdorf, Brady, LN, MD, JB, EM, Harper + Stockman</i>	Oval Office
4:30 pm (30 min)	<u>Staff Time</u> (Baker, Meese, Deaver)	Oval Office
5:00 pm (5 min)	<u>Presentation of Needlepoint by Family Policy Advisory Board</u> (Rich Williamson) (TAB H)	Oval Office
5:45 pm (30 min)	<u>Wrapup with David Brinkley, NBC</u> (James Brady) (TAB I)	Library Residence
7:35 pm	<u>The President and Mrs. Reagan depart White House for Kennedy Center</u> (TAB J)	
8:00 pm	<u>Performance by Dance Theatre of Harlem</u>	Kennedy Center Opera House
10:15 pm	<u>Depart Kennedy Center and return to White House</u>	

THE WHITE HOUSE

WASHINGTON

February 9, 1981

MEETING WITH: Labor Supporters
LOCATION: First Family Dining Room
TIME: 8:15 AM - 8:45 AM
FROM: ELIZABETH H. DOLE

PURPOSE: A "get-acquainted" session to enlist the help of labor in building support for your economic package. This breakfast serves as a symbolic reward for those labor leaders who gave you their public support during the general election.

You may also wish to pre-alert your guests that on Wednesday, DOL is going to withdraw and/or suspend three of its most controversial "midnight regulations" issued by President Carter -- Chemical Labeling, Service Contracts Act and Fair Labor Standards Act (FLSA).

BACKGROUND: This is another of your "outreach" efforts through the Office of Public Liaison. Key issues of concern are:

TEAMSTERS: Deregulation and attendant possible loss of 10-15% of trucking industry members due to route consolidations and organizing difficulties with new smaller companies is the main concern. Availability and price of diesel fuel as well as the 55 mph speed limit are viewed as very real economic constraints to member owner/operators.

MARITIME UNION AND M.E.B.A.: Both are concerned about the decline in U.S. Merchant Marine and unfair competition with foreign flag shipping. They support cargo preference legislation to require more goods to travel in U.S. ships (results in more jobs) and construction and operating subsidiaries for U.S. Merchant Marine. Jesse Calhoun has asked you to "overhaul" the U.S. Coast Guard.

AIR TRAFFIC CONTROLLERS: They want strengthened air safety and FAA air traffic control procedures, plus strengthened bargaining process for Air Traffic Controllers, including the right to strike and bargain over wages (would require change in current Federal law). Current contract expires 3/15/81 and negotiations appear very tough.

PRESS PLAN: Press photo coverage

SEQUENCE OF EVENTS:

- 8:10 AM Labor leaders and staff enter the First Family Dining Room and await your arrival.
- 8:15 AM You arrive, greet guests and ask them to join you for an informal breakfast. Once seated, press will be admitted for brief photos. After the press departs, Martin Anderson will provide a brief overview of your economic package, followed by informal discussion during which you ask the labor leaders to help gain support for your economic package.
- 8:45 AM You thank your guests and take your leave.

ATTACHMENTS: Participants/Talking Points/Background Fact Sheets

THE WHITE HOUSE

WASHINGTON

February 10, 1981

MEETING WITH: Labor Leaders
LOCATION: Oval Office
TIME: 3:00 - 3:30 p.m.
FROM: ELIZABETH DOLE *W*

PURPOSE: To initiate dialogue with labor leaders representing 95 percent of organized labor and open avenues for two-way communication regarding your economic package and subsequent issues.

BACKGROUND: You may wish to keep the meeting general in nature, since this will enable the leaders (especially Lane Kirkland) to debrief the press by saying that the meeting was open and constructive. All support a militarily-strong U.S., however do have vested interests as follows: AFL-CIO; Oppose tax cuts as effective in generating jobs and stimulating investment, while favoring reindustrialization agreements and government action. Advocate common situs picketing, labor law reform, repeal of Landrum-Griffin section 14-b and expanded Trade Adjustment Assistance. Also oppose youth minimum wage as "firing fathers to hire sons". UAW; Advocate import restrictions on foreign autos and expanded Trade Adjustment Assistance, federal aid to Chrysler and comprehensive national health insurance. Concern about rapid technological change required by government law and subsequent automation of plants. UMW; Strongly supports government policy to encourage use of coal to help alleviate persistent unemployment (currently at 20,000). Also support coal gasification, coal conversion incentives, modernization of port and railroad handling for coal (oppose coal slurry pipelines and truck as inadequate), and improved mine safety. Concerned about unemployment resulting from Clean Air Act and Federal Surface Mining and Reclamation Act regulations. TEAMSTERS; Concerned about deregulation and its attendant possible loss of 10-15% of trucking industry members availability and price of diesel fuel, and the 55 mph speed limit.

PRESS PLAN: Press photo coverage

SEQUENCE OF EVENTS:

- 2:30 p.m. Labor leaders assemble in Cabinet Room for introductory remarks by Elizabeth Dole, followed by economic package overview briefings by Secretary Regan, Secretary Donovan and M. Weidenbaum.
- 3:00 p.m. The labor leaders and Administration spokesmen join you in the Oval Office and are seated for a photo coverage. After the press departs you offer brief remarks followed by dialogue with the labor leaders.
- 3:30 p.m. You thank your guests and they depart.

Attachments: Participants/Talking Points/Background Sheets

PARTICIPANTS FOR MEETING WITH
LABOR SUPPORTERS

Labor Supporters:

Frank Fitzsimmons, President of the International Brotherhood of Teamsters

Shannon Wall, President of the National Maritime Union

Jesse Calhoon, President of the Marine Engineers Beneficial Association

Robert Poli, President of the Professional Air Traffic Controllers

Administration:

The President

Secretary Ray Donovan

Elizabeth H. Dole

Martin Anderson

LABOR SUPPORTERS TALKING POINTS (ON CAMERA)

- Asked you here to personally express my gratitude for your wholehearted campaign support.
 - I would like to enlist your support again. This time for our economic package.
 - Through Elizabeth's "outreach" efforts, we hope to get your suggestions, not only today but in the months ahead.
 - We have got to stop inflation by slowing the growth of government and returning productivity growth to the private sector. I'm proud of the U.S. worker. It's our job to give him the tools and support to be competitive in the world marketplace.
-

LABOR SUPPORTERS TALKING POINTS (OFF CAMERA)

- Off the record, I thought you might like to know that tomorrow DOL is going to withdraw and/or suspend three of its most controversial "midnight regulations" issued by President Carter -- Chemical Labeling, Service Contracts Act and Fair Labor Standards Act (FLSA).

INTERNATIONAL BROTHERHOOD OF TEAMSTERS, CHAUFFEURS, WAREHOUSEMEN AND
HELPERS OF AMERICA (Ind.)

25 Louisiana Avenue, N.W., Washington, D.C. 20001
Phone: (202) 624-6800
President: Frank F. Fitzsimmons
Secretary-treasurer: Ray Schoessling
Membership: 1,923,986; Local unions: 750

Founded after the AFL began to organize the unskilled team drivers around 1900, the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers of America (IBT) was originally a loose confederation of locals controlled by powerful bosses. It has since become the largest and most complex union in the United States.

McClellan Committee's revelation of corruption in the IBT in 1957 led to the conviction of president Dave Beck and the ouster of the union from the AFL-CIO. James Hoffa was then elected president. Hoffa inaugurated the first national contract in the trucking industry and helped expand the extensive health and medical program. Accused of corruption and convicted of jury-tampering in 1963, Hoffa was jailed in 1967 but remained officially president until 1971 when Frank Fitzsimmons was elected to replace him. In the 1970's the Labor Department began a massive investigation into misuse of the assets of the Central States Pension Fund, the Union's largest pension plan. This ongoing investigation has led to the ouster of the Fund's previous trustees, litigation to recover millions of dollars in misspent funds and the turnover of all current investments to independent asset managers.

Initiatives undertaken by AFL-CIO President Kirkland may lead to the re-affiliation of the IBT with the AFL-CIO. Both organizations have appointed internal committees to study possible re-affiliation, and the committees have met jointly on several occasions. Reportedly the IBT may make a final decision on the matter at its June 1981 convention.

Biographical Sketch of Frank Edward Fitzsimmons, President, IBT

Mr. Fitzsimmons was elected president in 1971 after serving as general vice president since 1966. Previously he has served as business agent and vice president, Local 299, IBT; secretary-treasurer, Michigan Conference of Teamsters; and vice president of the IBT.

Fitzsimmons has announced that he will seek reelection to another 5-year term as IBT President in June 1981.

Issues of major concern:

1. Union "image" in face of charges by DOL, IRS, IBT dissidents, and the press.
2. Dissident groups and factions within the union.
3. Effects of recent legislation to deregulate the trucking industry on the Union's ability to maintain and increase present wage and job security levels. It has been estimated that the Union could lose 10 to 15 percent of its trucking industry members due to the consolidation of present routes, new authorization for predominantly nonunion sectors of the industry to haul certain types of freight, and expected organizing difficulties among the smaller carriers who will emerge under the free entry provisions of the new law.
4. Availability and price of diesel fuel; fifty-five mile per hour speed limit. Over-the-road drivers, who are paid on a milage basis and must adhere to Department of Transportation maximum daily hours of duty regulations, experience "de facto" wage cuts when they must wait in long fuel lines or adhere to the Federally imposed speed limit. The price of fuel effects the earnings of owner-operators, who own their own trucks and pay for their own fuel.
5. Inconsistent State and Federal weight and length maximums and licensing requirements. Heavy trucks must avoid certain states and take circuitous routes due to maximum weight and length limits. Complicated and expensive licensing requirements must be satisfied on a state-by-state basis. These problems especially effect owner-operators.

Collective bargaining status:

The current National Master Freight Agreement was reached in 1979 following a short strike. In previous years the NMFA ratification tally has been monitored and the count certified by the Department of Labor.

The current National Master Freight Agreement expires on April 1, 1982.

NATIONAL MARINE ENGINEERS' BENEFICIAL ASSOCIATION; (AFL-CIO)

444 North Capitol Street, Room 800, Washington, D.C. 20001
Phone: (202) 347-8585
President: Jesse M. Calhoon
Secretary-treasurer: C.E. DeFries
Membership: 13,490: Districts: 2

The National Marine Engineers' Beneficial Association was formed in 1875.

The decline of the American merchant fleet--down from 1,224 ships in 1950 to about 580 in 1980--cut deep into MEBA's ranks. In recent years (1976-78) the union has slightly reversed its position, regaining control of the Great Lakes and some other concessions. The union also represents marine engineers in Atlantic, Gulf, and West Coast shipping firms.

Issues of major concern:

1. Decline in the U.S. Merchant Marine.
2. Unfair competition with foreign flag shipping.
3. Supports cargo preference legislation which would require more goods to travel on U.S. Merchant ships, therefore creating new jobs.
4. Supports operating and construction subsidies for U.S. Merchant Marine.
5. Jesse Calhoon has asked President Reagan to "overhaul" the U.S. Coast Guard because of its handling of the disappearance of the U.S. Flag ship S.S. Poet.

Collective Bargaining Status:

On the East and Gulf Coasts, union negotiates with the American Maritime Association, Maritime Service Committee, and the Tanker Service Committee. On the West Coast, the union negotiates with the Pacific Maritime Association. All contracts were concluded in June, 1978.

Agreements expire on June 15, 1981

NATIONAL MARITIME UNION OF AMERICA; (AFL-CIO)

346 West 17th Street, New York, N.Y. 10011

Phone: (212) 924-3900

President: Shannon J. Wall

Secretary-treasurer: Thomas Martinez

Membership: 50,000: local unions: 2 divisions 7

The National Maritime Union was formed in 1937 when disgruntled East Coast sailors, previously members of the Seamen's Union, joined the CIO.

Membership has, even into the 1970's, lagged behind rival seamen's unions such as the Seafarers and Sailors Union of the Pacific. The union represents unlicensed deck and engineering personnel.

Issues of major concern:

1. Decline in the U.S. Merchant Marine.
2. Unfair competition with foreign flag shipping.
3. Supports cargo preference legislation which would require more goods to travel on U.S. merchant ships, therefore, creating new jobs.
4. Supports operating and construction subsidies for U.S. Merchant Marine.

Collective bargaining status:

On the East and Gulf Coasts, union negotiates with the Maritime Service Committee and Tanker Service Committee, representing various subsidized cargo ship owners and tanker operators. No representation for seamen on the West Coast. Contracts were concluded during June of 1978.

Major agreements will expire on June 15, 1981.

PROFESSIONAL AIR TRAFFIC CONTROLLERS ORGANIZATION
(AFFILIATED WITH THE NATIONAL MARINE ENGINEERS' BENEFICIAL
ASSOCIATION)

444 North Capitol Street, Suite 820, Washington, D.C. 20001
Phone: (202) 638-6500
President: Robert E. Poli
Executive Vice President: Robert E. Meyer
Membership: 14,500 Local unions: 475

The Professional Air Traffic Controllers Organization represents employees of the Federal Aviation Administration in the craft of air traffic controller. The Union became affiliated with the Marine Engineers' Beneficial Association in 1971. The union is considered one of the most aggressive of Federal unions and has engaged in several "sick-outs" and "work-to-rule" campaigns to enforce its demands.

Issues of major concern:

1. Seeks strengthened bargaining process for air traffic controllers including the right to bargain over wages and retirement benefits and the right to strike. These objectives would require changes in current Federal law.
2. Seeks strengthened air safety, changes in FAA air traffic control procedures and improvement in electronic monitoring and control systems.

Collective bargaining status:

The current national PATCO agreement with the FAA, covering some 17,000 air traffic controllers, expires on March 15, 1981. Negotiations are scheduled to begin on February 9.

The negotiations will be conducted in the face of deteriorating relations between PATCO and the FAA. The FAA has accused the Controllers of being complacent and unattentive on the job, thereby exposing the public to unnecessary risk. PATCO, on the other hand, accuses the FAA of inadequate staffing levels and failure to maintain and update electronic traffic control equipment. Also casting a pall over the negotiations is the attention the FAA's detailed strike contingency plan has received by Congress and the press.



EXECUTIVE OFFICE OF THE PRESIDENT


OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

FEB -9 1981

MEMORANDUM TO THE PRESIDENT

FROM:

EDWIN L. HARPER 

SUBJECT:

Withdrawal of Department of Labor Regulations

On Wednesday, February 11, the Department of Labor is going to announce the withdrawal and/or suspension of three of its most controversial regulations:

1. Chemical Labeling - Would require employers in the chemical industry to label containers of hazardous materials and to provide hazard warning information to employees, customers and suppliers.
2. Service Contracts Act - Would extend the rules implementing the Act to the timber, R&D and ADP industries. The Act sets out wages to be paid under government contracts; extends Davis-Bacon philosophy.
3. Fair Labor Standards Act (FLSA) - Rules establish salary level test for determining whether the duties and responsibilities of workers need to be examined to see if they are exempt from the overtime provisions of the Fair Labor Standards Act, because they are executive administrative or professional employees.

All three of these regulations were issued as "midnight regulations" by the Carter Administration. In the case of the Service Contracts Act and FLSA Exempt Salaries our proposal will be to resort back to the regulations in existence prior to the issuance of the "midnight regulations."

We have received a very large volume of mail by large and small firms who oppose these regulations. The costs of these regulations are significant: Chemical Labeling: \$1 billion in first year, \$300 to 350 million thereafter; FLSA Exempt Pay: \$53 million per year. (No accurate cost estimates are available for the Service Contracts Act.)

Organized Labor will be as concerned about the precedent established by this action as they are about the merits of the action.

Department of Labor
Regulatory Actions

1. Summary

The Department of Labor announced today that it has

- . withdrawn its proposed chemical labeling regulation
- . indefinitely stayed the effective date of revised regulations for
 - .. the Service Contracts Act
 - .. salary test levels for exemptions from the overtime provisions of the Fair Labor Standards Act.

2. Chemical Labeling

- . This proposed regulation was withdrawn because it was developed without consideration of a number of issues.
- . These include:
 - .. Overlap between the proposed regulation and the regulation under
 - Toxic Substance Control Act
 - Resource Conservation and Recovery Act
 - .. Experience of our trading partners in the European Community
 - Their chemical labeling rules are considerably different from the rule proposed by DOL.
 - Their rule has been in place, and we need to take their experience into consideration in designing our program.
 - .. The extent of hazard (toxicity) present in mixtures where the hazardous chemical is sufficiently diluted so that it is no longer a hazard.
 - .. The need to protect trade secrets so as not to impede innovation.
 - .. Requiring costly labeling of pipe systems and reaction vessels without concomitant benefit.

- .. The rule will be repropsoed after a full review of these issues.
- .. In preparing its proposal, DOL will seek approaches that
 - provide workers with information about hazards they are exposed to.
 - protect trade secrets.

3. Fair Labor Standards Act Exempt Salary Levels

- . This regulation would have increased the salary test levels partly used to determine if executive, administrative, and professional employees are exempt from the overtime compensation provisions of the Act.
- . The Department stayed the February 13, 1981, effective date of its revised regulation to
 - .. give the public an opportunity to comment on the regulation.
 - Although coment had been received, the final regulation was importantly different from the proposal.
 - It called for two increases in the salary test levels.
 - The second step is higher than the level on which the public commented.
 - The comments were based on a single increase.
 - .. The increases proposed were claimed by many to
 - be inflationary
 - result in layoff of some workers.

- .. The Department estimated that the cost of the regulation would be \$53 million.
 - This is considerably lower than indicated by comments.
 - the Department's estimated and those provided in comment have not, but should have, been reconciled.
- . The Department has asked the public to comment on
 - .. The two stage increase in salary levels.
 - .. It will subsequently either
 - make the regulation final
 - repropose a revised regulation.
 - .. In the interim, existing salary test levels remain in effect.
 - .. Nothing will happen to workers' wages because of this action.
 - normal market pressures of supply and demand will cause some wages to rise.
 - the existing salary test levels will continue to set a floor workers paid less than existing test levels will not be exempt from the overtime compensation protection provisions of the Act.

4. Service Contracts Act

- o The Department indefinitely stayed the February 17 effective date of its revised Service Contracts Act regulation.
- o It took this action to permit:
 - o Legal review of the "principal purpose" language of the Act
 - o The rule stayed today would have expanded coverage of the Act, among other areas, to:
 - o Timber sales
 - o Research and development
 - o Servicing of rented ADP equipment and ADP equipment services provided under purchase warranties
 - o There is substantial question about whether these activities are subject to the Act.
 - o Many, including the Comptroller General, believe that they are not covered by the Act.
- o In addition, the Department had not followed its own rules in issuing the rule.
 - o It was asked to hold public hearings and to conduct a regulatory analysis.
 - o Under its policy for improving regulations it:
 - o Should have held hearings
 - o Should have conducted a regulatory analysis
 - o It did neither--even though comments indicated that regulation would impose new cost on the economy of more than \$100 million each year.
- o The Department will:
 - o Review its statutory authority
 - o Conduct a regulatory analysis
 - o Select a regulatory approach that:
 - o Achieves the purpose of the Act
 - o Avoids unnecessary inflationary pressure on the economy

SERVICES CONTRACTS ACT

What did the Department do?

The Department definitely stayed the February 17, 1981, effective date of its revised Services Contracts Act regulations.

What effect does this have?

It continues the regulations that were previously in effect. It also permits the Department to conduct a regulatory analysis and analyze its statutory authority for the rulemaking.

After these analyses have been completed the Department will repropose the regulation.

Why was this action taken?

The regulations, as issued by the Department are highly controversial.

New language in the regulation explicitly extended coverage of the Service Contracts Act to research and development and timber sales and codified important administrative practices, not previously subject to public comment. Some commentors specifically indicated their belief that these actions exceeded the Department's statutory authority.

The public had requested an opportunity to present their views at a public hearing. No public hearings were held.

A number of commenters asked the Department to conduct a regulatory analysis. They noted that the Department's own regulations required it to conduct an analysis if the regulation is likely to cause or result in increased costs of \$100 million or more per year in the national economy or \$50 million or more for a specific segment of the economy. The comments indicated that the regulation would have cost effects of these threshold amounts or more. The Department did not conduct a regulatory analysis.

What will happen while the Department is reviewing the regulation?

The Department will continue to operate under the rules previously in effect.

It will analyze its legal basis for issuing regulations covering research and development and timber sales among other types of contractual actions that involve the use of service employees but whose "principal purpose" is other than to provide services. It will conduct a regulatory analysis that will examine the purpose of the Service Contracts Act and the alternative approaches that can be taken to achieve this purpose.

FLSA EXEMPT SALARY LEVELS

What did the Department do?

The Department stayed the effective date of a regulation that would have increased the salary test level used to determine if executive, administrative and professional employees (who met certain duties and responsibilities tests) were exempt from the overtime compensation provisions of the Fair Labor Standards Act. Without this stay, the regulation would have become effective on February 13, 1981.

What effect does this have?

It continues the interim salary test standards that have been in effect until the Department has reviewed the regulation, received additional public comment, and make a final determination about appropriate next steps.

Why did the Department take this action?

The two step increase that was promulgated was not contemplated in the notice of proposed rulemaking. Therefore the public had no opportunity to comment on it.

The second stage salary levels are higher than the levels that the public commented on.

A number of commentators stressed that the levels proposed by the Department, in its notice of proposed rulemaking, were inflationary and would result in the layoff of some workers.

The Department estimated the cost of the proposed rule to be \$53 million. This number is substantially less than the estimates contained in the public comments. These differences have not been reconciled.

What does the Department expect will happen now?

The potential inflationary effect of the new regulation will be removed.

The Department will reexamine its approach to making determinations about exemptions to the overtime provisions of the Fair Labor Standards Act.

It will receive public comments about the two stage increase in salary levels.

It will either make the regulation final or, based on public comments and its own analysis, repropose a regulation on salary test levels.

What happens to workers' wages pending a final determination in the rulemaking?

Nothing because of this action.

The reinstatement of the interim salary levels will not prevent the normal market pressures of supply and demand from raising the salary of any exempt employee.

HAZARDOUS CHEMICALS

What was proposed and when?

On January 16, 1981, the Assistant Secretary for Occupational Safety and Health issued a proposed standard that would require employers to identify the hazardous chemicals in their workplace through specific hazards identification and evaluation procedures, labeling requirements and the establishment and maintenance of records.

What employers would have been covered by the rule?

All manufacturers and importers of chemicals and all firms that use chemicals in the manufacturing process.

Why was the proposed rule withdrawn?

The proposed rule was withdrawn because the Department recognized that there were major alternatives that could be adopted to meet the regulatory goal. These alternatives had not been considered.

What harm would have been done if the rule had not been withdrawn?

Business would have spent a considerable amount of time and effort commenting on a rule that the Department may change in major ways.

This would have meant that the Department would have had to again ask the public to comment on a hazards identification proposal. The Department thought it only fair to consider the alternatives first and propose a rule it believed would be the basis for final rulemaking.

What changes does the Department plan to make in the proposed rule?

We don't know, DOL will conduct an indepth review of the issues. The reproposal will be based on this review.

What issues will be reviewed?

Among others, the review will consider:

- o The identification standard that our trading partners in the European Economic Community have had in place for some time.

We need to study their approach which is significantly different from that which OSHA proposed. Among other differences, it takes toxicity into consideration. The OSHA proposal does not. It requires labeling of all mixtures and substances with a toxic ingredient that comprises 1% of the weight.

- o The alternative approaches that exist to providing needed data to workers while protecting trade secrets. There is a concern that the disclosure required by the proposal may inhibit innovation without providing improved safety.
- o The detailed labeling required by the proposal. Labeling of piping systems and reaction vessels is costly and potentially confusing. The result might be both expensive and counterproductive.
- o The overlap between the OSHA proposal and other Government programs to control toxic substances.

These programs include those under the Toxic Substance Control Act and the Resources Conservation and Recovery Act. The interaction of these rules need to be examined to avoid costly duplication and inconsistency.

When does DOL expect to repropose the rule?

We don't know.

The Department will examine the issues by conducting a new and detailed regulatory analysis. That analysis will be completed and DOL will repropose when it is satisfied that it has chosen an approach that achieves the goal of letting workers know what dangers they may be exposed to in the workplace -- and imposes the least inflationary cost on industry consistent with this goal.

(Rohrabacher)

February 9, 1981

TALKING POINTS: PRESIDENTIAL BRIEFING 9:15 a.m., February 10, 1981

PARTICIPANTS: Baker, Meese, Deaver

REFER TO: Newspaper article on Labor Department

- With all the talks about cuts we can't forget that the purpose of our being here is to get control and change the direction of government.
- Just like in California, there are elements in the bureaucracy that are going to try everything possible to sabotage our efforts.
- If we let them, the bureaucracy is going to try to make cuts in areas that hurt the public the most instead of cutting fat.
- Every interest group, every business whose subsidy is cut, all of them are going to be screaming.
- Every cut has to be across the board and fair.
- We've got to show people that savings are being made in defense, too.

TALKING POINTS FOR PRESIDENTIAL BRIEFING

Tuesday, February 10, 1981
The Oval Office
9:45 a.m.

Participants: Baker, Meese, Deaver, Friedersdorf and Brady

Purpose: Friedersdorf will brief on Congressional support for cuts among the Democrats in the House, and emphasize need to talk to members of the Senate for input in the grain embargo decision.

- Ask Friedersdorf to set up meeting with Charles Stenholm and the group of Democrats in the House that he represents.
- Ask Friedersdorf to set up a meeting for you to discuss the grain embargo with interested Senators.
- We want everyone supporting our efforts in Congress, especially the Democrats, to know they are having input into our decisions.

CABINET MEETING

February 10, 1981
Cabinet Room
10:00 a.m.

FROM: Craig L. Fuller

I. PURPOSE

Scheduled meeting of full Cabinet

II. BACKGROUND

The main focus of the meeting will be on the Economic Program. Three items have been set for the beginning of the meeting to provide NBC with substantive material for their coverage of a "day in the life of the President."

1. Agenda - The President should indicate that the focus of today's meeting is on the Economic Program. First, however, there are three items he should discuss before taking up the economic plan.
2. Grain Embargo - This item is set on the agenda to allow the President an opportunity to announce that the Grain Embargo issue will not be discussed in the Cabinet again until after he has had an opportunity to meet with Congressional leaders. The last Cabinet meeting ended with no decision and an indication that the discussion would continue during the next Cabinet meeting.
3. Personnel - Pen James is prepared to report on our progress with Presidential appointments. He will also discuss hiring minorities and women. Since this discussion will occur during the NBC filming, detailed talking points will be provided for both Pen James and the President.
4. Inspectors General - The President should ask Ed Harper to discuss this matter. They will ask for consensus on an approach to coordinating the Inspectors General program. A Cabinet briefing memo is in the binder. The Procedure recommended by OMB has been reviewed with Mr. Meese.

5. The Economic Program - This will be a two-part presentation. Donald Regan will present a Briefing on Tax Policy. David Stockman will present a report on Spending Controls.
6. Special Prosecutor Legislation - Bill Smith needs to make a brief comment on this situation, details are in your Cabinet binder.
7. Reorganization Authority - David Stockman will provide a briefing to the Cabinet on Reorganization activities. A briefing will be in the Cabinet binder.
8. Cabinet Procedures and Schedule - Ed Meese will have comments.

III. PARTICIPANTS

Attached to Agenda

IV. SEQUENCE OF EVENTS

As the President enters, the NBC crew will enter the Cabinet Room. The President should discuss the Agenda and the Grain Embargo. Then he should ask Mr. James to discuss Personnel and Mr. Harper to discuss the Inspectors General. At or before the end of these discussions NBC will leave. At that point the agenda can be resumed.

TALKING POINTS FOR THE PRESIDENT

Cabinet Meeting
10:00 a.m.
February 10, 1981

Background

The NBC crew will be filming the first portion of the Cabinet meeting. The President should discuss the following items with the NBC crew filming:

1. The agenda for the meeting
2. The grain embargo
3. An OMB recommendation on the Inspectors General program calling for an executive order creating a "President's Council on Integrity and Efficiency"
4. An overview of the Economic Program by Dave Stockman which will involve a prearranged discussion with Secretary Weinberger

Talking Points

Agenda:

- o Announce that the focus of the Cabinet meeting is on the Economic Program.
- o Indicate that there are a couple of items that should be discussed before getting into the presentations by Dave Stockman and Don Regan.

Grain Embargo:

- o indicate that this item is not on the agenda for discussion, although we had indicated it would be continued on the agenda for today.
- o indicate that Senate leaders will be offering input when they return next week and the discussion on the grain embargo should be held in abeyance for a future meeting.

Inspectors General

- o indicate that OMB has developed a recommendation on a way to better coordinate the efforts of the inspectors general to find and reduce waste fraud and abuse.
- o ask Ed Harper to make his presentation
- o request comments from the Cabinet

Economic Program

- o indicate that Donald Regan and David Stockman have been working night and day and through the weekend to bring together the elements of the Economic Program.
- o before getting into the details of the program, ask Dave Stockman for an overview.

(Dave will indicate where decisions have been made and how much remains to be found to reach our agreed upon goals.)

- o when Dave indicates that more cuts are needed, indicate that everyone will have to find a little more and that you're counting on each department to find additional savings....including Defense.

- o turn to Cap Weinberger who will outline where he and Dave Stockman have found savings within the Department of Defense.

- o when Cap is finished, indicate that the only programs which we will protect from this process are the programs for the truly needy.

(At that point, Dave Stockman will deliver a list of programs that will not be cut in any substantial way.)

- o Thank Dave for the overview. (The NBC crew will leave.)

- o Call on Don Regan to discuss tax policy.

SIMPLY FOLLOW THE AGENDA FOR THE REMAINDER OF THE MEETING

THE WHITE HOUSE

WASHINGTON

February 9, 1981

MEETING WITH NINETEEN GOVERNORS

DATE: TUESDAY, FEBRUARY 10, 1981
LOCATION: ROOSEVELT ROOM AND FAMILY DINING ROOM
TIME: 11:45 a.m. - 1:30 p.m.
FROM: RICHARD S. WILLIAMSON *RSW*

I. PURPOSE

This meeting provides an opportunity for the Administration to receive input from Governors prior to formulating its economic package through a dialogue between the Governors and senior Administration advisors.

II. BACKGROUND

The Administration worked with the National Governors' Association to set up this meeting. The Executive Committee of the NGA was invited to participate.

III. PARTICIPANTS

A list of Governors attending is attached.

Vice President Bush will join the meeting briefly at 11:00 a.m. (and will discuss regulatory task force)

Director Stockman, Murray Weidenbaum and Martin Anderson will participate in the meeting. Jim Baker will chair

In addition, Ed Meese, Jim Baker, Michael Deaver, Joseph Canzeri, Craig Fuller and Richard Williamson will attend.

IV. PRESS PLAN

Photo opportunity at 11:45 a.m.

V. SCHEDULE OF EVENTS

11:45 a.m. You will join the end of the meeting for a photo opportunity, make brief remarks (talking points are attached) and open the floor again for comments and questions.

(continued on following page)

V. SCHEDULE OF EVENTS (continued)

- 12:10 p.m. You and the Governors will proceed to the Family Dining Room for lunch.
- 1:00 p.m. You will open the floor again for comments and questions.
- 1:30 p.m. Meeting will adjourn.

Attachments

- 1) List of Governors attending
- 2) Talking Points

GOVERNORS THAT WILL BE ATTENDING TUESDAY'S MEETING

1.	George Busbee	Georgia	Democrat
2.	John V. Evans	Idaho	Democrat
3.	James R. Thompson, Jr.	Illinois	Republican
4.	William G. Milliken	Michigan	Republican
5.	George Nigh	Oklahoma	Democrat
6.	John Dalton	Virginia	Republican
7.	Lee Sherman Dreyfus	Wisconsin	Republican
8.	Pierre S. DuPont IV	Delaware	Republican
9.	John Carlin	Kansas	Democrat
10.	Dick Thornburgh	Pennsylvania	Republican
11.	Robert List	Nevada	Republican
12.	Richard Snelling	Vermont	Republican
13.	James B. Hunt, Jr.	North Carolina	Democrat
14.	Brendan T. Byrne	New Jersey	Democrat
15.	John D. Rockefeller IV	West Virginia	Democrat
16.	Harry Hughes	Maryland	Democrat
17.	Lamar Alexander	Tennessee	Republican
18.	Robert D. Ray	Iowa	Republican

11:40 a.m.

TALKING POINTS: GOVERNORS ECONOMIC BRIEFING, February 10, 1981

-- We are on the brink of an economic calamity, but it is not the American system which is at fault. The task before us is to return this great country to the concepts on which it was founded. We will bring about an economic renewal.

-- Federalism is a concept basic to our Constitution. The Federal Government did not create the States; the States created the Federal Government. I am taking action to curb the size and influence of the Federal establishment. We will return to the States those powers that do not belong here in Washington.

-- State and local officials are closest to the people. You know best what is good for your States and communities.

-- I have long believed State and local governments often can be more efficient and responsive than the Federal bureaucracy. As Governor of California, I saw first-hand how the Federal Government can get in the way instead of help. Specific, Federally-mandated programs sometimes don't apply to local needs.

-- It will take all of us working together to turn things around. Together, we can turn them around, and I have asked you here today to enlist you in this common endeavor. Within the last week I've also met with city and county officials and State legislators for this same purpose.

-- I would like to hear from you directly, to hear your suggestions on how changes in Washington can cut your administrative costs and increase efficiency, which areas are most effectively left to the States, and how our funding decisions can result in real savings to the taxpayers.

ON-CAMERA TALKING POINT FOR A REPUBLICAN GOVERNOR, February 10, 1981

-- Prime one Governor to talk about how the government interferes and forces expensive mandates on the States immediately after Reagan stops talking.

THE WHITE HOUSE

WASHINGTON

February 10, 1981

MEMORANDUM TO: The President

FROM: Martin Anderson *MCA*
Assistant to the President for Policy
Development

SUBJECT: Meeting with outside economic advisers who
will compose the President's Economic Policy
Advisory Board.

TIME: 2:30 p.m.

PLACE: Roosevelt Room

PURPOSE: To discuss the functions of the President's
Economic Policy Advisory Board, especially
what role the Board can play in generating
support for the President's economic plan, to
be announced on February 18.

PARTICIPANTS: Arthur F. Burns (N.B. Paul McCracken
Milton Friedman has agreed to be a
Alan Greenspan member, but cannot attend
Arthur Laffer today's meeting.)
James T. Lynn
George Shultz
William E. Simon
Thomas Sowell
Herbert Stein
Charls E. Walker
Walter B. Wriston
* * *

Donald Regan
David Stockman
Murray Weidenbaum
Ed Harper
Tim McNamar

STAFF: Martin Anderson, who will serve as Secretary
of the Board

BACKGROUND: The President's Economic Policy Advisory Board,
is an advisory board composed of economic
experts from private life. The board, which
will report privately to the President every
three or four months, or as requested, will
advise the President with respect to the
objectives and conduct of the overall domestic

and international economic policy of the United States. The Board will make no public statements.

TALKING POINTS:

1. Acknowledge the role the economists played during the campaign as members of the Economic Policy Coordinating Committee. Thank them, and note that in many ways they are responsible for the economic plan you will be presenting to Congress next week.
2. Explain that the reason for inviting them to this meeting is to ask them to become members of your Economic Policy Advisory Board. Express your appreciation for their being able to attend the meeting.
3. Note that you understand they are being briefed on the tax, spending, and regulatory aspects of your comprehensive economic plan. Tell them you would like their reaction to the plan's specifics, and that you would like any suggestions or advice they might have as to how best to generate support for the plan among the public.
4. Explain that you have a meeting with labor leaders to attend, but that you will return later during their meeting to hear more of their comments.