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**OFFICE OF THE
ASSISTANT SECRETARY FOR
EMPLOYMENT AND TRAINING**

November 20, 1981

TO: Morton Blackwell

FROM: Al Angrisani

*file
La Com
Dept.*

~~RB~~
 RB



Daily Labor Report

DLR No. 220

NOVEMBER 16, 1981 • MONDAY

WASHINGTON, D.C.

Today's Summary and Analysis

KIRKLAND URGES MOBILIZATION OF LABOR FOR 1982 ELECTIONS

AFL-CIO President Kirkland opens the 100th anniversary convention of the federation with a sharp attack on the Reagan Administration's domestic and foreign policies and an appeal for union solidarity during the 1982 elections. "As we approach a new election year," Kirkland tells the 900 convention delegates, "we must prepare for the next battle in our long campaign." The federation designates Election Day 1982 as "another Solidarity Day" when union members will march to the polls "to elect a Congress that will reverse the disastrous policies of the Reagan Administration and restore humane government to the American people."

Kirkland's harshest remarks are reserved for Office of Management and Budget Director Stockman, whom he calls "the original interior decorator of this economic house of ill repute." Referring to misgivings expressed by Stockman in a recent magazine article, Kirkland says that AFL-CIO criticism of the Reagan economic program is not "one half as devastating as the recorded fleeting spasms of honesty of its leading hatchet man."

Meanwhile, the White House sends signals that it wishes to end its cold war with organized labor. Members of the Executive Council are invited to a Dec. 2 meeting with the President, which is intended as the beginning of an effort "to establish a continuing dialogue." And the President issues a memorandum to heads of all departments and agencies urging them to "seek the advice and counsel of organized labor on public policy issues." The Administration also plans to schedule monthly meetings at the White House for labor leaders.

A key item of convention business will be a proposed dues increase. The Executive Council recommends that membership per capita taxes be hiked from 19 cents per month to 24 cents in January and 27 cents the following year. This move could raise an additional \$14 million per year by 1983, proponents say. Other convention action includes a statement calling for rehiring of air traffic controllers who were fired for engaging in an illegal strike.

--- page A - 11

JUSTICES LEAVE RULING ON UNION VIOLENCE INTACT

The U.S. Supreme Court denies review of a Ninth Circuit ruling that acts of union violence directed at an employer during a strike may be subject to criminal prosecution under a variety of federal laws. In a case involving the officers of two California Teamsters locals, the U.S. Court of Appeals for the Ninth Circuit reinstated a 10-count Justice Department indictment charging the union officials with conspiring to destroy or damage trucks and equipment during the course of a strike against Redman Moving and Storage Company.

AFL-CIO LOOKS AHEAD TO 1982 ELECTIONS; WHITE HOUSE SENDS SIGNALS OF CONCILIATION

New York City (By a BNA Staff Correspondent)--AFL-CIO President Lane Kirkland opens the 100th Anniversary Convention of the AFL-CIO with a sharp attack on the Reagan Administration's foreign and domestic policies and an appeal for union solidarity during the 1982 elections.

"As we approach a new election year," Kirkland told the approximately 900 convention delegates, "we must prepare now for the next battle in our long campaign. Tools and tactics may change, people may come and go, but one element remains essential to our prospects. That is, as always, true and lasting solidarity."

Kirkland's remarks and the fact that President Reagan, a former union president himself, did not receive the traditional invitation to address the AFL-CIO's historic centennial convention reflected the degree of organized labor's estrangement from the Administration. By ignoring Administration officials and inviting only Democratic politicians to address the convention, the federation also underscored its decision earlier this year to become more actively involved in Democratic Party politics.

In action prior to the opening of the convention, the AFL-CIO Executive Council adopted a statement entitled "following up on Solidarity Day," the September 19 labor-backed protest rally that drew more than 250,000 demonstrators to Washington, D.C. The statement urges union members to "mobilize for another Solidarity Day -- Nov. 2, 1982."

"On that Election Day, the labor movement and its allies must march to the polls in unprecedented numbers to elect a Congress that will reverse the disastrous policies of the Reagan Administration and restore humane government to the American people. To that end, the AFL-CIO pledges its best efforts," the council said.

But, as the delegates were gathering for the week-long convention, which will include speeches by former vice president Walter Mondale and Senator Edward Kennedy (D-Mass), the White House was sending signals that it is anxious to end its cold war with organized labor. In a letter delivered to Kirkland on Saturday before the convention opened, Elizabeth H. Dole, assistant to the President for Public Liaison, invited members of the AFL-CIO Council to a meeting with the President at the White House on Dec. 2. The purpose of the meeting, she said in the letter, is to "receive the counsel of and input of the representatives of organized labor." It added that the President "hopes that the meeting can help to establish a continuing dialogue."

Roberet Bonitati, a special assistant to Dole for labor matters, also disclosed to reporters that President Reagan on Nov. 16 issued a memorandum to heads of departments and agencies urging them to "seek the advice and counsel of organized labor on public policy issues."

"Throughout the years, the American labor movement has played a major role in the American economic miracle," the memorandum said. "Unions are among our most valued institutions and serve as some of our best examples of participatory democracy. I want to insure that their views are fully heard and considered by my Administration."

"Throughout last year's campaign in meeting with representatives of organized labor, I noted my own labor background [president of the Screen Actors' Guild] and frequently noted that while some areas of disagreement may exist between us, my Administration would be anxious to hear and carefully consider those views. You should adopt such an open door policy toward organized labor and where appropriate, give full consideration to organized labor's interest and concerns."

"I am asking the Secretary of Labor, as this Administration's primary intermediary with labor groups, to keep informed on the policy issues that cover labor in your departments and agencies. I would also hope that you will keep him fully informed on those issues."

Bonitati also disclosed that the Administration plans to schedule a series of "informal, off-the-record" monthly meetings at the White House for labor leaders on selected topics. He said the first meeting probably will be on immigration policy. The Teamsters' Executive Board also will be invited to the White House during the first week in December and will be asked to participate in the monthly meetings, he said.

Bonitati told BNA that the Administration wants to take " every step possible to see that the environment is created " for better communication between labor and the Administration. " I think it's unhealthy to have a lack of communication," he said. " We don't want to fight with anybody. We're not closing anybody out," he added.

Bonitati said steps to improve communication with labor were not taken sooner because of other pressing business. "I don't make any excuses. I'm sorry we didn't do these things earlier, but you can't always do what you want to do when you want to do it. Sometimes it takes time," he said.

At least one member of the Executive Council, International Association of Machinists' President William Winpisinger, already has said that he does not plan to attend any meetings at the White House. " That would just be coercion by Presidential power," he said. The invitation will be discussed at a meeting of the council scheduled to be held this Wednesday, AFL-CIO officials said.

Kirkland made reference in his keynote address to the recent *Atlantic Monthly* article by *Washington Post* editor William Greider in which Director of the Office of Management and Budget David Stockman expressed misgivings about the Administration's economic program.

" What can we who opposed the domestic policies of this Administration from the beginning now say that is one-half as devastating as the recorded fleeting spasms of honesty of its leading hatchet-man, Mr. David Stockman, " Kirkland said.

" What provoked his candor, one can only guess. But you don't have to be an old sailor to know what it means when the smartest rat on board heads for the hawse pipe," he said.

Stockman, continued Kirkland, "was the original interior decorator of this economic house of ill repute. Now that the sirens are sounding and the bust is due, he has his story ready. He was only the piano player in the parlor. He never knew what was going on upstairs."

The aftermath of the Stockman affair, the AFL -CIO president added, " tells us a lot about this Administration. Was he chastized by the President for cooking the books, rigging the computer, overfeeding the tax hog, conning the Congress and duping the public? No -- he was taken to the White House woodshed for, at long last, telling the truth, period. So far have we come from young George Washington and the cherry tree."

In the foreign policy area, Kirkland said the Administration has not lived up to its promise of a stronger national defense and a more effective leadership role in world affairs. Instead, Kirkland asserted, the Administration's foreign policy efforts have resulted in "the growing dismay and division of our allies; the feeding of our deadliest adversaries on easy credit, making lighter their growing burden of lethal arms; the appeasement of the Saudi-financial-industrial complex with gifts of costly and exotic weapons paid for in higher oil prices by the American consumer; and the destruction of domestic support for necessary defense expenditures through the exemption of the rich and drafting of the poor in the service of its cost."

Later in the day, Mondale joined Kirkland in attacking the Administration and criticizing Stockman. He also chided the President for failing to establish better lines of communication with labor. "A President does not have to agree with everything the union says, but whoever wants to lead this nation, if he really wants to be the President of this country, he must respect and involve and listen to the workers of America as expressed through their leadership, " Mondale said.

One key item of convention business is the question of a dues increase. In a report approved shortly before the convention got underway, the Executive Council recommended that the membership per capita tax be raised from 19 cents to 24 cents next January and to 27 cents in January of 1983. Officials estimate that the per capita increase, which will be voted on by the convention later this week, will raise an additional \$14 million a year by 1983.

The report mentions five areas targeted for additional funding. They include the creation of an Institute for Public Affairs; continued support of the Budget Coalition, a group made up of

union and other organizations that was formed to fight the budget reductions proposed by the Administration; costs associated with the reaffiliation of the AFL-CIO with the International Confederation of Free Trade Unions; and the development and construction of a memorial library to be named after former AFL -CIO President George Meany.

Perhaps the most significant feature of the council's recommendation is the proposal to provide permanent funding from general revenues for the Committee on Political Education (COPE). In urging the convention to abandon voluntary contributions to COPE, the council said that it believes that permanent funding " will assist the federation in developing an even more effective program to insure the political education of trade union members and their families and to encourage their political activism. "

The council adopted a statement calling on the Administration to rehire some 11,500 members of the Professional Air Traffic Controllers Organization who were fired last August for engaging in an illegal strike. "Mass firings, fines and union decertification will not assure safe and reliable air travel for the American people. Nor will they save the taxpayers the cost of training thousands of new controllers. It is time for the President's demeaning vendetta to stop. "

Another council statement accused the Reagan Administration of trying to influence delegate selection and manipulate the outcome of the White House Conference on Aging to be held Nov. 30 through Dec. 3 in Washington. The council said the Administration's actions have made it "all but impossible" to have an effective conference.

-- End of Section A --

Labor and the Democrats

Unions Becoming Key Source of Financing As White Male Workers Desert the Party

Times

By ADAM CLYMER

A 21

Behind the public displays of affection between labor and the Democrats at the A.F.L.-C.I.O. convention that ended yesterday are two critical realities: one financial and one political.

The unions of the American Federation of Labor and Congress of Industrial Organizations are becoming the most dependable financial resource of the Democratic Party, with nearly \$1 million in contributions this year. This is happening even though the white male base of organized labor appears to have deserted the Democrats faster in recent years than has the population as a whole.

In 1977, according to New York Times/CBS News Polls, 40 percent of the American public called themselves Democrats. In 1981, 36 percent do. Poll respondents from union households dropped to 41 percent, from 47 percent, in the allegiance to the Democrats. But with women and blacks remaining more committed, the decline among white males from union households was to 34 percent, from 44 percent.

Harmony was emphasized again and again at the convention. It was reflected in the federation's decisions to make Election Day 1982 its next Solidarity Day and to finance its own political action efforts more dependably, and in ovations for leading Democrats and their responsive tributes to Lane Kirkland, the federation president.

Murmur of Dissonance

The dissonance that may underlie the partisan desertions was only a murmur at the convention proper, coming through out loud only when Mr. Kirkland asked Thomas P. O'Neill, the Speaker of the House, to remind his colleagues that "your party has never and will never prosper if it abandons the interests and concerns of the plain working people of this country."

Two offstage vignettes reflect the problems and the hopes of this sometimes troubled alliance.

Last Friday, Alexander E. Barkan, the retiring head of the federation's Committee on Political Education startled union political representatives with a farewell denunciation of the accommodations that Mr. Kirkland and others have made to the party's rules. Mr. Barkan complained that affirmative action for minority groups and the requirement for equal division of men and women on party bodies, including national convention delegations, had brought only trouble for labor and the Democrats, according to several officials present at the closed meeting.

On Monday, as former Vice President Walter F. Mondale was escorted to the convention podium, three key figures discussed how to facilitate the kind of

accommodation Mr. Barkan warned against.

James A. Johnson, Mr. Mondale's political troubleshooter; Michael R. Steed, counsel to the party's national chairman, Charles T. Manatt, and John Perkins, Mr. Barkan's successor at COPE, were chatting about different formulas for adding elected officials to convention delegations without breaking the promise of equal numbers of women and men.

Mutual Sense of Reliance

They did not decide anything, and they or their principals may eventually disagree. But there appears to be a mutual sense of reliance, and Mr. Perkins represents the future; Mr. Barkan, the past.

The party knows it needs an ally, to say nothing of a financial angel. And at the top, labor seems confident that it can work with and in the Democratic Party in a way that will dim the memory of the labor vote President Reagan got in 1980.

In the last election, Mr. Reagan received 43 percent of the vote from union households, as against 48 percent for President Carter and 9 percent for John B. Anderson and others, according to a Times/CBS News Election Day poll of voters leaving voting booths.

Neither side is arguing much now about what went wrong then, about what led to the disaffection. There is plainly a hope that recession and Republican Congressional assaults on the Occupational Safety and Health Administration or the Davis-Bacon Act may do as much to heal or soothe the breach between the labor rank and file and the Democratic Party as any high-level planning on either side.

But there is plenty of joint effort on tactical matters, with labor political operatives and Democratic officials meeting continually to exchange information on matters like elections and reapportionment.

More than anything else, however, money is talking for labor. Mr. Steed said direct contributions to the national committee have totaled \$616,555 so far this year, and pledges that he considers iron-clad should bring the total to about \$1 million. About one-third of the money has come in contributions from union-connected political actions committees. The rest, from union treasuries, may not be used in Federal elections but can be spent on state elections, training and other party activities.

Five unions, the Communications Workers, the Operating Engineers, the Automobile Workers, the Food and Commercial Workers and the State, County and Municipal Employees, have given or pledged the bulk of it so far, with \$15,000 from "voluntary" committees and \$100,000 from each of their

treasuries. But every politically active union except the Machinists has given something.

The Committee on Political Education itself is a modest contributor to the Democratic National Committee but should be in a position to do more next year, for the Democrats and for itself.

The convention voted a plan that will end the voluntary nature of union payments to COPE, a practice that got so voluntary that only about half of this year's \$3.4 million budget came in. The increase in per capita dues from a member union to the federation, from 19 to 24

cents per month, includes 2 cents a month for COPE. "Everybody pays his own way, and everybody is in," said a spokesman for the federation in describing the effect of this change.

Some of the political drama, of course, was played out in the open, as Mr. Mondale and Senator Edward M. Kennedy of Massachusetts delivered major, partisan speeches. They were the only likely 1984 Presidential nominees on the convention schedule. Gov. Edmund G. Brown Jr. of California, twice an unsuccessful Presidential candidate himself, flew all night to get to a breakfast meeting with union leaders, talking about how to invest pension funds and making friends for his Senate bid next year.

Mr. Kennedy got more applause, and a longer standing ovation when he finished. But nobody in the audience had to make any commitments. Decisions for 1984, in a major way, are what this process of strengthening the federation's ties to and claims on the Democratic

Party is all about. That is why this was the most important audience of the year for both the Senator from Massachusetts and the former Vice President.

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11/23/81

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1. Morton Blackwell		
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More information for your files.

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Albert Angrisani	Phone No.
	523-6050

5041-102

OPTIONAL FORM 41 (Rev. 7-76)
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FPMR (41 CFR) 101-11.206

Clayton Fritchey

Labor Joins the Democrats

NEW YORK—The national convention of the AFL-CIO, just concluded in New York, may turn out to be memorable. After decades of playing one political party off against the other, it appears that labor, in reaction against the Reagan administration, is finally ready to throw in its lot openly with the Democrats.

Many workers, as well as leaders of individual unions, have long favored formal identification of the parent AFL-CIO with the national Democratic Party. In practice, however, the federation played an ostensibly neutral role because its veteran autocratic president, the late George Meany, insisted that the organization should not be the "captive" of any political party.

Many U.S. presidents, Democrats as well as Republicans, have had their ups and downs with labor, but Meany was always welcome at the White House, where, until recently, there was always an important member of the staff assigned to keeping channels open with the country's top union leaders.

The upshot was that many differences got patched up. Meany, for example, made numerous critical speeches about Lyndon Johnson, yet supported him for election in 1964. Conversely, in 1972, Meany ditched George McGovern, an ardent friend of labor, in his race against Richard Nixon.

Since then, the trend toward formally aligning the federation with the Democratic Party has been accelerated by three significant events: the death of Meany; the rise of Lane Kirkland to the leadership of the AFL-CIO; and the election of Ronald Reagan, long regarded as an enemy of labor.

The administration's performance has so confirmed labor's view of the president that, in a conspicuous break with tradition, he was pointedly not invited to attend or speak at the convention. Invitations also were withheld from Vice President George Bush and Labor Secretary Raymond J. Donovan.

The principal speakers turned out to be former vice president Walter Mondale, House Speaker Tip O'Neill, and Sen. Edward Kennedy, all Democrats. All were accorded standing ovations.

For his part, Reagan has confidently asserted that he had more rapport with the rank and file of workers than their union leaders did. It is true that he got an estimated 44 percent of the labor vote in the presidential election. But would he get it today?

Public opinion polls, several off-year elections, the massive Sept. 19 Solidarity march on Washington, and the obvious anti-Reagan sentiments of nearly all the delegates at the New York convention strongly suggest that not a few workers are heeding their leaders' call to "come home again."

Only a few weeks after Reagan's inauguration, Kirkland and other union leaders were already on Capitol Hill opposing the president's economic package, which they denounced as "ill-conceived," "inequitable" and "disastrous to working Americans." As confirmation of these charges, Kirkland called the national convention's attention to the confessions of Budget Director David Stockman.

The delegates were also reminded that the AFL-CIO leadership had predicted that Reaganomics would boost unemployment rather than reduce it. And while the convention was still in session, administration spokesmen admitted the jobless rate was headed for 9 percent or higher, meaning around 10 million out of work, a postwar record.

More than anything else, what seemed to convince the delegates that the administration is fundamentally anti-union is its relentless, almost unprecedented crackdown on the air controllers, who months ago illegally went on strike against the government.

They were subjected not only to dismissal, but fines and the threat of jail. Subsequently the administration busted the controllers' union through decertification and then blacklisted its members for rehiring, even though most would be glad to return to work.

Moreover, U.S. News reports that Defense Secretary Caspar Weinberger has even ordered the armed forces to stop accepting enlistments from the controllers, on the ground that they violated federal law by striking.

Sentiment at first was with the administration, but sympathy for the controllers has been gaining in the face of the government's harsh refusal to consider mediation, amnesty or any other resolution of the dispute.

Union leaders see it as singularly vindictive; they point out that at least 22 times in recent years, groups of federal workers have defied both the law and their oaths—mostly with impunity. No strikers were convicted; nearly all those fired were later rehired; usually amnesty accompanied the rehiring. Why have the controllers been denied compassion? Union leaders believe the administration is trying to teach the whole labor movement a lesson.

That's one reason there are now 15 AFL-CIO officials on the Democratic National Committee, as well as five others on the party's executive committee. It's only the beginning. By 1984, the AFL-CIO is going to have a lot to say—more than ever—on selecting the next Democratic presidential candidate.

THE WHITE HOUSE
WASHINGTON

DATE: 9/14/61

TO: Merton Blackwell

FROM: Bob Bonitat

For your info x

Per our conversation _____

Other:

NEWS AFL-CIO



DEPARTMENT OF INFORMATION
202/637-5010

file
AFL-
CIO

FOR RELEASE:

IMMEDIATE USE, FRIDAY, SEPTEMBER 4, 1981

AFL-CIO President Lane Kirkland issued the following statement:

I have been informed that CBS Radio today refused to broadcast my Labor Day remarks over its network.

The Labor Day broadcast of a prepared statement by trade union leadership follows a practice and tradition that extends over a 35-year period.

Today, CBS is breaking with this tradition claiming that my statement raises "controversial issues of a political nature."

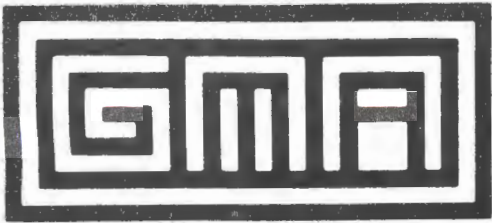
My Labor Day message to the American people deals with issues that confront all Americans. It deals with economic policy and with human rights. It is certainly no more "controversial" and no more "political" than statements broadcast daily by Administration and Congressional leaders.

The AFL-CIO will not bow to censorship. We will continue to speak out forcefully on the issues facing the nation, as we see them.

The CBS action does not serve the cause of full and open discussion of public affairs and the free flow of ideas. It is strikingly similar to the current dispute in Poland between the Solidarity union and the government-controlled media.

-30-

(Text of President Kirkland's prepared message is attached)



James C. May
Vice President, Public Affairs

July 31, 1981

Mr. Morton C. Blackwell
Special Assistant to
The President
The White House
Washington, D.C. 20500

Dear Mr. Blackwell:

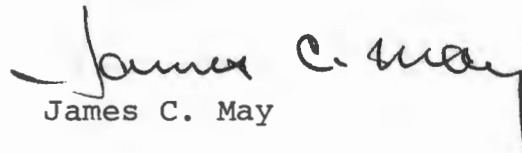
Thank you for agreeing to be our Guest Speaker at our
September Public Policy Forum to be held:

Wednesday, September 16, 1981
9:30 - 10:15 a.m.
Salon B
Four Seasons Hotel

In the meantime, if you have any questions, please call
me, or your staff may call Tuckie Bartlett, our Coordi-
nator of Legislative Affairs.

Mr. Blackwell, we are pleased you can be with us, and we
look forward to seeing you on September 16th.

Sincerely,


James C. May

JCM:kam



JAMES C. MAY
Vice President, Public Affairs

Sept yes
No

July 28, 1981

accepted
7/30

Mr. Morton C. Blackwell
Special Assistant to
The President
The White House
Washington, D.C. 20500

Dear Mr. Blackwell:

We would be honored if you could speak at our September
Public Policy Forum to be held:

Wednesday, September 16, 1981
9:30 - 10:15 a.m.
Salon B
Four Seasons Hotel

The meeting is informal and completely off the record.
We hold these meetings quarterly to bring together in
Washington the public affairs representatives from our
member companies to discuss the broad range of issues
affecting the grocery industry and to listen to repre-
sentatives from both the Congress and the executive
branches of government. A GMA directory is enclosed
for your use.

We hope you'll be able to speak for approximately 15-20
minutes on the origins and directions of the New Right
Movement. Thereafter, we would like you to answer
questions for 10-15 minutes.

Between now and then, if you have any questions, please
call me or your staff may call Tuckie Bartlett, our
Coordinator of Legislative Affairs at 337-9400.

Sincerely,

James C. May
James C. May

JCM:kam

Enclosure

SMA
In
PAC

Dept. of
Labor file NLRB

United States Senate

WASHINGTON, D.C. 20510

April 10, 1981

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

We the undersigned United States Senators think it important to notify you that we wholeheartedly endorse Mr. Robert P. Hunter, currently Chief Counsel for the Senate Labor and Human Resources Committee, for appointment as Chairman of the National Labor Relations Board.

Mr. Hunter has an outstanding reputation in the Senate not only as an authority in labor law but also for his ability to successfully work with labor and management. He is, we believe, fitted for the job not only by knowledge and experience but also by character and judgment. We hope that you agree that Mr. Hunter has the professionalism and capacity to serve in this position and we urge you to appoint him as NLRB Chairman.

Sincerely,

Strom Thurmond

Strom Thurmond
Chairman
Senate Committee
on the Judiciary

Orrin Hatch

Orrin G. Hatch
Chairman
Senate Labor and Human
Resources Committee

Jake Garn

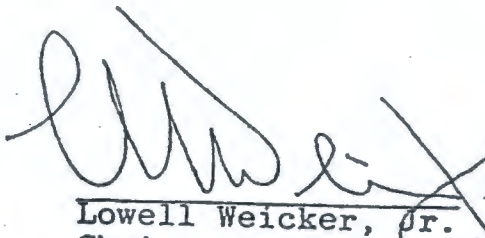
Jake Garn
Chairman
Committee on Banking, Housing
and Urban Affairs

Charles Mathias, Jr.

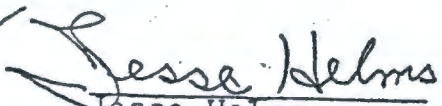
Charles Mathias, Jr.
Chairman
Senate Committee on Rules
and Administration

United States Senate

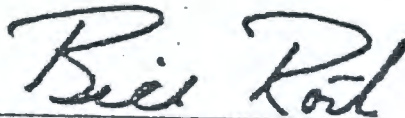
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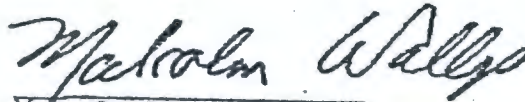
Lowell Weicker, Jr.
Chairman
Senate Committee
on Small Business




Jesse Helms
Chairman
Senate Committee on
Agriculture, Nutrition, and
Forestry



William V. Roth, Jr.
Chairman
Senate Committee on
Governmental Affairs



Malcolm Wallop
Chairman
Select Committee on
Ethics



William S. Cohen
Chairman
Select Committee on
Indian Affairs



Pete V. Domenici
Chairman
Senate Committee on the Budget

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Tony Dolan

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Date

May 4, 1981

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5.		

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Comment	Investigate	Signature
Coordination	Justify	

REMARKS

Attached is a copy of the speech to the Labor Attaches. At the meeting last week we discussed ways to put into perspective the need to reduce spending in programs and support the President's budget. The Entitlements programs are a concrete example of the need to reduce spending. They have grown 2.5 times faster than the GNP. (That section is marked on page 6 with further examples on pages 7 and 8.)

There is another speech where the Entitlement programs are tied in with the projected labor shifts over the next 15 years. This gives added perspective on the necessity for doing something now to reduce spending.

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FROM: (Name, org. symbol, Agency/Post) Beverly Selby, WB, DOL	Room No.—Bldg. S3002 DOL
	Phone No. 523-6612

5041-102

OPTIONAL FORM 41 (Rev. 7-76)
Prescribed by GSA
FPMR (41 CFR) 101-11.206

REMARKS PREPARED FOR DELIVERY BY
ROGER WHYTE
SPECIAL ASSISTANT TO THE SECRETARY
AND SPECIAL ASSISTANT TO THE DEPUTY UNDER SECRETARY
FOR INTERNATIONAL AFFAIRS
SPEAKING ON BEHALF OF
SECRETARY OF LABOR RAYMOND J. DONOVAN
BEFORE
1981 LABOR ATTACHE CONFERENCE
U.S. EMBASSY
NEW DELHI, INDIA
APRIL 1, 1981

THE SECRETARY HAS SENT ME HERE TODAY, AND ASKED ME TO EXTEND HIS PERSONAL GREETINGS TO YOU. HE WANTED TO COME, BUT THE PRESS OF CONGRESSIONAL COMMITTEE HEARINGS AND BUDGET MEETINGS PREVENTED HIS JOINING YOU.

AS YOU KNOW, WHEN AN ADMINISTRATION IS JUST BEGINNING THERE ARE NOT ENOUGH HOURS IN THE DAY. YOU MUST GET YOUR SHOP IN ORDER. AND, THERE SEEMS TO BE A FIRST-PRIORITY EXPLOSION ON YOUR TIME. THERE IS A RELENTLESS TIDE OF INFORMATION TO WADE THROUGH. SOMEONE ASKED THE SECRETARY WHAT IT WAS LIKE TO COME TO WASHINGTON. HE SAID HE LIKED IT FINE, BUT IT WAS A LITTLE DIFFERENT. THAT WHEN YOU ASKED FOR INFORMATION IT WAS LIKE DRINKING FROM A FIRE HYDRANT. YOU ASKED FOR A LITTLE AND GOT A GUSHER.

THE SECRETARY PLACES A PRIORITY ON THE LABOR ATTACHE CORP. HE REGARDS YOU AS AMBASSADORS TO THE WORKING MEN AND WOMEN IN THE NATIONS WHERE YOU ARE SERVING. YOUR INFORMATION AND KNOWLEDGE IS VITAL TO THE WELL-BEING OF AMERICAN WORKERS

AND BUSINESS. MR. DONOVAN LOOKS FORWARD TO A GOOD WORKING RELATIONSHIP WITH YOU.

DURING THIS TRANSITION TIME, A NEW ADMINISTRATION REPRESENTS A TIME OF CHANGE, AND NEW CHALLENGES AND NEW OPPORTUNITIES. SO, I WOULD LIKE TO TALK TO YOU ABOUT THE REAGAN MANDATE, WHAT IT MEANS, AND HOW IT AFFECTS THE DEPARTMENT OF LABOR, AND WHAT IT MEANS TO THE LABOR ATTACHE PROGRAM. I ALSO WANT TO TALK TO YOU ABOUT THE PHILOSOPHY RAYMOND DONOVAN BRINGS TO LABOR.

SECRETARY DONOVAN STATED IN HIS CONFIRMATION HEARINGS THAT, "I BRING TO THIS JOB A SENSITIVITY TO THE NEEDS OF THE MEN AND WOMEN WHO ARE SERVED BY THE LABOR DEPARTMENT. I SINCERELY MEAN THAT." HE DOES MEAN THAT, BECAUSE HE HAS FIRST-HAND KNOWLEDGE OF THE AMERICAN WORK FORCE FROM WORKING AS A SHOE SHINE BOY TO HEAD OF A LARGE CONSTRUCTION COMPANY. HE HAS BEEN A WORKER, A UNION MEMBER AND AN EXECUTIVE. HE BELIEVES THAT THE AMERICAN WORKING MEN AND WOMEN ARE THE BEST WORK FORCE IN THE WORLD, AND THAT WHAT IS GOOD FOR THE WAGE EARNER IS GOOD FOR AMERICA.

IN HIS REMARKS ON FEBRUARY 18 TO THE DEPARTMENT OF LABOR EMPLOYEES HE STATED, "I AM HERE TO BOTH PROTECT AND EXPAND THE RIGHTS OF AMERICAN WORKERS, TO PROTECT THE GAINS THEY HAVE MADE OVER DECADES OF HARD AND HONEST BARGAINING--TO EXPAND THEIR JOB AND WAGE OPPORTUNITIES IN THE PRIVATE SECTOR, AND TO SAFEGUARD THE LAWS FOR THE PROTECTION OF THEIR HEALTH AND SAFETY WITH AN EVEN AND STEADY HAND--CLASPED FIRMLY WITH BOTH LABOR AND MANAGEMENT."

HE FEELS THE WORKING MEN AND WOMEN HAVE SUFFERED THE MOST FROM INFLATION AND A STAGNATED ECONOMY. HE BELIEVES TOO THAT THERE IS NO MORE IMPORTANT TASK THAN TO RESTORE THE HEALTH OF THE ECONOMY SO THAT EVERY AMERICAN WILL BENEFIT AND SHARE IN NEW OPPORTUNITY.

THE SECRETARY HAS MADE IT CLEAR HE INTENDS TO STRENGTHEN MANAGEMENT OF THE DEPARTMENT TO FULFILL ITS MISSION TO PROTECT AND ADVANCE THE WORKING MEN AND WOMEN OF AMERICA.

THE DEPARTMENT IS GUIDED BY THE MANDATE THE AMERICAN PEOPLE AND PRESIDENT REAGAN HAVE GIVEN US.

RONALD REAGAN WAS ELECTED PRESIDENT WITH AN OVERWHELMING MANDATE FROM THE AMERICAN PEOPLE ON NOVEMBER 4TH. THIS ELECTION SIGNALS A MAJOR CHANGE IN DIRECTION FOR OUR NATION. IT INDICATES NOT SO MUCH A MOVING TO THE RIGHT AS IT REFLECTS THE DEEP CONCERNS AND ANXIETIES OF MIDDLE AMERICANS--THE FEELING THAT THE OLD POLICIES ARE NOT WORKING; THAT SOMETHING NEW OUGHT TO BE DONE.

THE HISTORY OF THE LAST TEN YEARS HAS BEEN PLAGUED BY REPEATED ECONOMIC RECESSIONS AND RETARDED GROWTH. THIS RESULTED IN HIGH LEVELS OF UNEMPLOYMENT, IN RUNAWAY INFLATION AND HIGH TAXES, AND IN A SIGNIFICANT LOSS IN INDIVIDUAL PURCHASING POWER. PRODUCTIVITY FELL FOR EACH OF THE LAST THREE YEARS, AND AMERICAN INDUSTRY WAS LEFT UNABLE TO COMPETE IN WORLD MARKETS.

THE SITUATION NOW IS THERE ARE EIGHT MILLION PEOPLE UNEMPLOYED. INFLATION IS 11.3 PERCENT FOR THE YEAR. OUR GOVERNMENT DEFICIT IS 940 BILLION DOLLARS. INTEREST RATES ARE AT THE HIGHEST LEVEL IN 20 YEARS.

GOVERNMENT REGULATION IS COSTING THE COUNTRY AN ESTIMATED 100 BILLION DOLLARS ANNUALLY. ONE GOVERNMENT ESTIMATE INDICATES FRAUD ALONE ACCOUNTS FOR 10 PERCENT--AS MUCH AS 25 BILLION DOLLARS FOR SOCIAL PROGRAMS.

WITHOUT SWIFT, EFFECTIVE ACTIONS, THESE STATISTICS WILL CONTINUE TO WORSEN.

THEREFORE, THE REAGAN ADMINISTRATION HAS PROPOSED A SOUND AND FAR-REACHING PLAN FOR ECONOMIC RECOVERY.

THE THEME OF THE REAGAN PROGRAM IS THE REINDUSTRIALIZATION AND REVITALIZATION OF AMERICA. THE UNDERLYING PHILOSOPHY IS BASED ON THE PRESIDENT'S BELIEF THAT GOVERNMENT SPENDING AND BURDENSOME REGULATIONS ARE RESTRICTING THE PRODUCTIVE CAPACITY OF AMERICANS, AND THAT THIS HAS CONTRIBUTED TO OUR SUSTAINED RATE OF INFLATION.

TO CHANGE THIS AND DEAL WITH ECONOMIC RECOVERY, THE PRESIDENT HAS PROPOSED A 4-POINT PROGRAM. THE BASIC POINTS ARE:

FIRST, REDUCTION IN GOVERNMENT SPENDING.

SECOND, REDUCTION IN PERSONAL AND BUSINESS INCOME TAXES.

THIRD, REGULATORY REFORM.

FOURTH, CONSISTENT AND EFFECTIVE MONETARY SUPPLY.

THIS COMPREHENSIVE RECOVERY PROGRAM IS DESIGNED TO PLACE THE ECONOMY ON A PATH OF NON-INFLATIONARY GROWTH AND BOOST THE PRODUCTIVE CAPACITY OF THE INDIVIDUAL AMERICAN.

THE FIRST ASPECT OF THE PRESIDENT'S PROGRAM THAT THE DEPARTMENT OF LABOR WILL ADDRESS IS REGULATORY RELIEF.

THE PRESIDENT SIGNED AN EXECUTIVE ORDER CREATING A PRESIDENTIAL TASK FORCE ON REGULATORY RELIEF. IT IS CHAIRED BY VICE PRESIDENT BUSH, AND SECRETARY DONOVAN SERVES AS A MEMBER OF THAT TASK FORCE. ITS PURPOSE IS TO IMPROVE THE MANAGEMENT OF THE FEDERAL REGULATORY PROCESS AND TO REASSURE THE AMERICAN PEOPLE OF THE GOVERNMENT'S ABILITY TO CONTROL ITS REGULATORY ACTIVITIES.

OVER-REGULATION STEADILY HINDERS BUSINESS AND INDUSTRY, BOTH LARGE AND SMALL, FROM PROVIDING JOBS FOR OUR WORK FORCE. THE BURDEN OF REGULATIONS AND TIME-CONSUMING REPORTS WILL REQUIRE AMERICANS TO SPEND OVER 1.2 BILLION HOURS FILLING OUT GOVERNMENT FORMS THIS YEAR. THIS IS THE EQUIVALENT TO THE ANNUAL LABOR INPUT FOR THE ENTIRE STEEL INDUSTRY. AND, REGULATIONS ARE COSTLY FOR SMALL BUSINESSES, WHICH GENERATE HALF OF THE NEW JOBS IN OUR ECONOMY. THE ADDED COSTS OF REGULATIONS AND PAPERWORK REQUIRE HIGHER AND HIGHER LEGAL AND ACCOUNTING FEES WHICH SMALL BUSINESSMEN CAN NO LONGER AFFORD. AS A CONSEQUENCE, SMALL BUSINESSES ARE DECLINING IN NUMBER AND VITAL JOBS ARE LOST.

SECRETARY DONOVAN BELIEVES THAT REGULATORY RELIEF IS A MATTER OF HIGHEST PRIORITY.

IN HIS FIRST MAJOR ACTION, SECRETARY DONOVAN SUSPENDED THE EFFECTIVE DATES OF ABOUT TWO DOZEN "MIDNIGHT" REGULATIONS WHICH WERE PUBLISHED IN THE CLOSING DAYS OF THE PREVIOUS ADMINISTRATION. HE HAS ESTABLISHED A DEPARTMENT OF LABOR REGULATORY TASK FORCE, AND THEY WILL MEET ON A WEEKLY BASIS. THE TASK FORCE WILL EXAMINE REGULATIONS FOR THEIR ECONOMIC

BURDEN, WHETHER THEY SHOULD BE MODIFIED OR REVOKED, AND IF THEY ARE IN THE PUBLIC INTEREST. WE WILL EXAMINE RECENT REGULATIONS, AS WELL AS THOSE PREVIOUSLY ISSUED BY THE DEPARTMENT.

THE SECOND ASPECT OF THE ADMINISTRATION'S PROGRAM TOWARD WHICH THE DEPARTMENT OF LABOR IS WORKING IS THE SLOWING OF THE RATE OF GOVERNMENT SPENDING INCREASES.

THE BUDGET DIRECTIVES FROM OFFICE OF MANAGEMENT AND BUDGET PERTAINING TO THE ENTITLEMENTS PROGRAMS AFFECT US. IT SETS THE GUIDELINES FOR OUR BUDGET. SO, WE MUST MAKE CHANGES IN OUR PROGRAMS. FOR THE PAST 20 YEARS, THE FEDERAL ENTITLEMENTS STRUCTURE AND RELATED SECURITY PROGRAMS HAVE HAD NEARLY UNINTERRUPTED GROWTH. PAYMENTS FOR INDIVIDUALS INCREASED AT A RATE NEARLY DOUBLE THAT OF THE BUDGET AND 2.5 TIMES FASTER THAN THE GROSS NATIONAL PRODUCT. THE FEDERAL ENTITLEMENT'S PROGRAMS ARE 350 BILLION DOLLARS OF THE 659 BILLION DOLLAR BUDGET.

AS A PART OF THIS BUDGET REDUCTION, THE DEPARTMENT OF LABOR IS REDUCING EXPENDITURES BY 2 BILLION DOLLARS IN THIS FISCAL YEAR, FOLLOWED BY 7.8 BILLION DOLLARS IN 1982. WHILE WE EXPECT SOME SHORT-TERM PROBLEMS, WE BELIEVE THE GREAT MAJORITY OF AMERICANS WILL BENEFIT IN THE LONG RUN. "WE RECOGNIZE THAT WE ARE DEALING WITH A GREAT DEAL MORE THAN JUST DOLLARS AND CENTS. WE ARE DEALING WITH PEOPLE." WE ARE TAKING THE GREATEST CARE POSSIBLE TO INSURE THAT THOSE WHO TRULY NEED HELP WILL NOT BE HURT.

AN EXAMPLE OF AN ENTITLEMENTS PROGRAMS IS THE BLACK LUNG DISABILITY TRUST FUND. IT WAS ESTABLISHED IN 1978 TO FINANCE THE PAYMENT OF BLACK LUNG BENEFITS. DUE TO GENEROUS ELIGIBILITY REQUIREMENTS AND INADEQUATE FINANCING, IT HAS PRODUCED SKYROCKETING DEFICITS. THE MAJOR SOURCE OF REVENUE FOR THE FUND IS FROM A TONNAGE TAX ON COAL PAID BY THE COAL OPERATORS. THE PRESENT PRODUCTION TAX OF 50 CENTS PER TON OF UNDERGROUND COAL AND 25 CENTS PER TON FOR SURFACE-MINED COAL IS INSUFFICIENT TO FINANCE THE PROGRAM. MASSIVE DEFICITS ARE BEING FINANCED BY LOANS (WITH 6 PERCENT INTEREST) FROM THE U.S. TREASURY. AT THE END OF FISCAL YEAR 1980, THE FUND OWED THE TREASURY 950 MILLION DOLLARS. IT IS PROJECTED THAT THIS DEBT WILL REACH ABOUT 1.5 BILLION DOLLARS BY THE END OF THIS FISCAL YEAR. WITH NO CHANGE IN LAW, THE ONLY MANNER IN WHICH SUFFICIENT REVENUES CAN BE OBTAINED TO MEET TRUST FUND OBLIGATIONS IS THROUGH CONTINUED RELIANCE ON LOANS FROM THE U.S. TREASURY. THE INTENDED PURPOSE OF THE TRUST FUND WAS TO MAKE IT AN INDUSTRY-FINANCED PROGRAM. CONGRESS ALSO INTENDED THAT THE FUND BE FULLY FINANCED THROUGH COAL TAX REVENUE. THE PROVISION FOR REPAYABLE LOANS FROM THE U.S. TREASURY WAS TO COVER START-UP FUNDING AND WAS NOT DESIGNED AS A LONG-TERM MECHANISM TO COVER DEFICIENCIES IN REVENUES.

WE MUST RESTORE FINANCIAL SOUNDNESS TO THIS FUND. IT IS OUR DESIRE TO WORK WITH THE UNION, THE INDUSTRY AND CONGRESS TO MAKE THE PROGRAM WORK BETTER TO BENEFIT THE MINERS.

WE ARE NOT GOING TO PROPOSE ANYTHING THAT WOULD DEPRIVE ANY MINER WHO IS DISABLED BY BLACK LUNG FROM QUALIFYING FOR

BENEFITS. NOR ARE WE PROPOSING TO CHANGE THE DEFINITION OF DISABILITY. WE ARE TRYING TO EXPEDITE THE PROCESSING OF CLAIMS, AND WE ARE CONSIDERING RECOMMENDING A CHANGE IN THE TAX TO SUPPORT THE BENEFITS PROGRAM.

AS PART OF THE GENERAL EFFORT TO IMPROVE THE FEDERAL ENTITLEMENTS PROGRAM THE ADMINISTRATION WILL OVERHAUL THE FEDERAL EMPLOYEES INJURY COMPENSATION (FECA) PROGRAM.

CHANGES ARE BEING PROPOSED BECAUSE THE NUMBER OF CLAIMS BEING SUBMITTED BEAR NO RELATION TO THE NUMBER OF FEDERAL EMPLOYEES OR THE GOVERNMENT'S SAFETY RECORD.

THE ANNUAL RATE OF CLAIMS HAS GONE FROM 18,000 IN 1970 TO 30,000 IN 1980. THE BENEFIT PAYMENTS HAVE ACCELERATED FROM 151 MILLION IN 1970 TO 785 MILLION IN 1980 TO OVER 1 BILLION FOR 1982.

THE PROGRAM IS BEING CHANGED TO MAKE IT COMPARABLE WITH WITH THOSE OFFERED IN THE PRIVATE SECTOR, AND TO CHANGE INEQUITIES OF PAY IN THE PROGRAM.

ANOTHER PROGRAM BEING TARGETED IS THE UNEMPLOYMENT INSURANCE PROGRAM.

THE PROGRAM OPERATES TO PREVENT HARDSHIP FOR WORKERS IN AREAS WHERE HIGH LEVELS OF UNEMPLOYMENT MAKE IT DIFFICULT TO FIND NEW JOBS. SO, THE FEDERAL GOVERNMENT ASSISTS STATES AND WORKERS IN PROVIDING AN ADDITIONAL 13 WEEKS OF UNEMPLOYMENT INSURANCE (OR EXTENDED BENEFITS) BEYOND THE 26 WEEKS ASSISTANCE PROVIDED BY THE STATES.

THE ADDITIONAL NATIONAL BENEFITS ARE TRIGGERED WHEN THE UNEMPLOYMENT RATE OF INSURED WORKERS REACHES 4 PERCENT FOR 13

WEEKS. WHEN THE NATIONAL RATE OF INSURED UNEMPLOYMENT REACHES 4.5 PERCENT, THEN THE EXTENDED BENEFIT PROGRAM TRIGGERS ON IN ALL 50 STATES.

THERE HAS BEEN A CHANGE IN THE STRUCTURE OF THE U.S. ECONOMY IN THE PAST 15 YEARS. AS A RESULT, REGIONAL DIFFERENCES IN EMPLOYMENT HAVE RESULTED IN THE NATIONAL TRIGGER COMING ON AND BENEFITS BEING PAID IN AREAS OF HIGH EMPLOYMENT. AS AN EXAMPLE, A HIGH UNEMPLOYMENT RATE IN MICHIGAN COULD TRIGGER BENEFITS FOR A HIGH EMPLOYMENT AREA IN TEXAS.

IN ADDITION TO RECALIBRATING THE FOCUS OF THE PROGRAM, LEGISLATION WILL BE PROPOSED BY THE ADMINISTRATION TO REQUIRE WORKERS WHO HAVE BEEN UNEMPLOYED FOR 3 MONTHS TO SEEK EMPLOYMENT FOR WAGES. THE JOBS THEY SEEK WILL PROVIDE WAGES AT LEAST EQUAL TO THEIR UNEMPLOYMENT INSURANCE BENEFIT AMOUNT OR MINIMUM WAGE.

THE ADMINISTRATION WILL ALSO PROPOSE THAT UNEMPLOYMENT COMPENSATION NOT BE PAID TO EX-SERVICEMEMBERS WHEN THEY LEAVE THE SERVICE VOLUNTARILY. THIS CHANGE REFLECTS THE FACT THAT MILITARY SERVICE IS NOW ENTIRELY VOLUNTARY. ALMOST ALL THE STATES NOW HAVE THIS PROVISION. THIS CHANGE WOULD CONTINUE THE REQUIREMENT THAT EX-SERVICE MEMBERS RECEIVE AN HONORABLE DISCHARGE TO QUALIFY FOR BENEFITS.

WE EXPECT THESE CHANGES TO PRODUCE A SAVINGS OF 565 MILLION DOLLARS IN FISCAL YEAR 1981 AND 1 BILLION 5 MILLION DOLLARS BY 1983.

TRADE ADJUSTMENT ASSISTANCE PAYMENTS IS ANOTHER ENTITLEMENT PROGRAM BEING REVISED.

THE ORIGINAL PURPOSE OF TRADE ADJUSTMENT ASSISTANCE WAS TO ASSIST WORKERS IN FINDING NEW EMPLOYMENT WHEN CHANGING INTERNATIONAL COMPETITIVE CONDITIONS CAUSED THE INDUSTRY THEY WERE EMPLOYED IN TO DECLINE. THE PROGRAM PROVIDED RELOCATION ASSISTANCE TO DISPLACED WORKERS WHEN THEY NEEDED HELP IN ADAPTING TO CHANGED CONDITIONS.

IN THE LAST 4 YEARS THE EFFECT OF THE PROGRAM HAS BEEN SEVERELY ALTERED. THIS DISTORTION HAS PRODUCED A COST EXPLOSION WHOLESALERE CERTIFICATION OF WORKERS IN TROUBLED BASIC INDUSTRIES HAS PRODUCED A SITUATION WHERE TRADE ADJUSTMENT CASH PAYMENTS ARE MADE TO THOUSANDS OF WORKERS REGARDLESS OF THEIR INTENT TO SEEK ALTERNATE EMPLOYMENT. IN MARCH 1980 THE FISCAL YEAR COSTS WERE ESTIMATED AT 450 MILLION DOLLARS. JUST 6 MONTHS LATER IN NOVEMBER 1980 THE COSTS FOR FISCAL YEAR 1981 HAD ESCALATED TO 2.7 BILLION DOLLARS.

THE GENERAL ACCOUNTING OFFICE AND AN INDEPENDENT STUDY BOTH FOUND THAT TWO-THIRDS OF THE WORKERS WHO RECEIVED BENEFITS RETURNED TO THEIR ORIGINAL EMPLOYERS. MANY TIMES THESE BENEFITS WERE PAID IN A LUMP SUM ONLY AFTER THE WORKER HAD RETURNED TO WORK. NOW IT IS POSSIBLE TO DRAW TRADE ASSISTANCE BENEFITS AND UNEMPLOYMENT AT THE SAME TIME. THIS MADE IT POSSIBLE TO BE DRAWING AS MUCH, IN SOME CASES, AS A WORKER EARNED WHILE WORKING. THESE BENEFITS ARE NOT TAXABLE.

WITH THE PROPOSED REFORM IN THE LAW, TRADE ADJUSTMENT ASSISTANCE WILL RETURN TO ITS PRIMARY PURPOSE--ADJUSTMENT TO

CHANGED ECONOMIC CONDITIONS. AFTER OCTOBER 1, 1981, THE WEEKLY TRADE ADJUSTMENT BENEFITS WILL BE THE SAME AS A WORKER'S UNEMPLOYMENT INSURANCE, AND THEY WILL BE PAID ONLY AFTER EXHAUSTING UNEMPLOYMENT INSURANCE.

ANOTHER AREA IS OUR EMPLOYMENT AND TRAINING PROGRAMS. WE ARE ENGAGING IN SELECTIVE REDUCTIONS SO PROGRAMS THAT HAVE PROVEN THEIR MERIT WILL THRIVE. AFTER THE NECESSARY CHANGES ARE MADE, CETA PROGRAMS IN 1982 WILL BENEFIT 2 MILLION PEOPLE.

PUBLIC SERVICE JOBS (PSE) WILL BE PHASED OUT UNDER CETA. PSE WAS AUTHORIZED UNDER TITLE II OF THE ORIGINAL CETA LEGISLATION. IT WAS RELATIVELY SMALL, BUT DURING THE 1974-75 RECESSION WAS DRAMATICALLY EXPANDED USING THE GOVERNMENT AS THE EMPLOYER OF LAST RESORT. WHEN THE TITLE VI PROGRAM WAS CREATED TO ENHANCE THE "COUNTER CYCLICAL THRUST OF PUBLIC SERVICE. IT TURNED OUT TO BE A POOR DEVICE. HIGH LEVELS OF PSE EMPLOYMENT WERE ONLY REACHED AFTER THE WORST OF THE RECESSION HAD PASSED. ONLY ABOUT ONE-THIRD OF PSE PARTICIPANTS FIND EMPLOYMENT WHEN THEY LEAVE THEIR SUBSIDIZED JOBS. IT COSTS 2 TO 3 TIMES MORE TO GET AN UNEMPLOYED PSE PERSON INTO A JOB OF GAINFUL EMPLOYMENT THAN IT DOES UNDER TRAINING PROGRAMS.

THESE CHANGES WILL RETURN CETA TO ITS ORIGINAL PURPOSE OF IMPROVING THE EMPLOYABILITY OF THE LOW-INCOME, STRUCTURALLY UNEMPLOYED. IT WILL PROVIDE THEM WITH SKILLS THAT ARE MARKETABLE IN THE PRIVATE SECTOR.

THE DEPARTMENT IS MAKING A CONCERTED EFFORT TO HELP THOSE AFFECTED BY CHANGES IN THE PROGRAM. IT IS TOP PRIORITY.

SECRETARY DONOVAN SAID ON MARCH 13, THAT "IT IS MY INTENT TO SEE THAT MEN AND WOMEN CURRENTLY IN THE PSE PROGRAM RECEIVE ALL THE HELP WE CAN GIVE THEM. WE WILL DO EVERYTHING POSSIBLE TO MOVE THEM INTO OTHER JOBS QUICKLY."

EVERY STEP IS BEING TAKEN TO OBTAIN APPROPRIATE JOB OR TRAINING SITUATIONS. THE U.S. CHAMBER OF COMMERCE AND ITS AFFILIATES, THE CONFERENCE OF GOVERNORS, THE ASSOCIATION REPRESENTING CITY MAYORS AND COUNTY EXECUTIVES, MAJOR COMMUNITY-BASED ORGANIZATIONS (PUBLIC AND PRIVATE), AND OTHER SPECIAL INTEREST GROUPS ARE BEING ASKED TO PARTICIPATE IN THIS EFFORT.

ALL GOVERNMENT LINKS POSSIBLE, INCLUDING THE U.S. EMPLOYMENT SERVICE, ARE BEING USED IN THE CHANGE OVER.

ELIMINATION OF PUBLIC SERVICE PROGRAMS WILL SAVE A HALF BILLION DOLLARS THIS YEAR. THERE WILL BE A REVIEW OF CETA BEFORE THE 1983 BUDGET IS SUBMITTED TO CONGRESS.

OTHER GOVERNMENT PROGRAMS NOT PRODUCING MARKETABLE JOBS OR SKILLS ARE THE YOUNG ADULT CONSERVATION CORPS AND THE YOUTH CONSERVATION CORP THAT WE OPERATE WITH THE INTERIOR DEPARTMENT. BOTH PROGRAMS ARE EXAMPLES OF COSTLY, POORLY TARGETED LOW PRIORITY WORK PROGRAMS. BOTH PROGRAMS ARE BEING PHASED OUT AND WILL NOT REQUIRE ADDITIONAL FUNDS THROUGH 1982.

ANOTHER AREA THE DEPARTMENT IS CONCERNED WITH IS LABOR RACKETEERING. SECRETARY DONOVAN RECENTLY MET WITH ATTORNEY GENERAL WILLIAM FRENCH SMITH AND TREASURY SECRETARY DONALD T. REGAN TO DISCUSS COORDINATION AMONG THE THREE AGENCIES IN HANDLING THE PROBLEM OF RACKETEERING.

A LITIGATION TASK FORCE WAS ESTABLISHED TO COORDINATE PENDING LITIGATION INVOLVING THE CENTRAL STATES PENSION AND HEALTH AND WELFARE FUNDS. IN ADDITION A CONGRESSIONAL LIAISON TEAM WAS FORMED TO COORDINATE ACTIVITIES INVOLVING ALLEGATIONS OF UNION CORRUPTION WITH THE CONGRESS.

ALL OF THESE CHANGES REFLECT NEW DIRECTION IN AMERICA -- THEY REFLECT THE REAGAN ADMINISTRATION AND THE SENTIMENTS OF THE AMERICAN PEOPLE TO GET A HOLD OF GOVERNMENT.

WITH THIS CHANGE WE HAVE A HISTORIC OPPORTUNITY TO EXPAND OPPORTUNITY FOR THE WORKING MEN AND WOMEN OF AMERICA.

THE DEPARTMENT OF LABOR WILL PROVIDE, AS IT HAS IN THE PAST, A NUMBER OF PROGRAMS TO PROTECT THE FUNDAMENTAL RIGHTS OF AMERICAN WORKERS. OUR MISSION CONTINUES TO BE THE ORIGINAL MANDATE OF THE DEPARTMENT--TO PROTECT AND PROMOTE THE INTERESTS OF THE AMERICAN WORKERS. AND, THIS IS WHERE THE LABOR ATTACHE CORPS SERVICE IS OF INESTIMABLE VALUE. YOUR KNOWLEDGE IS VITAL TO PROMOTING THE INTERESTS OF AMERICAN WORKERS AND TO BUILDING BETTER RELATIONS AROUND THE WORLD. TOGETHER, WE CAN OPEN UP OPPORTUNITIES FOR THE WORKING MEN AND WOMEN. WE CAN DO THE JOB OF PROTECTING AMERICAN WORKERS

.

From the Desk of
David Denholm

Morton,
Re: Davis - Bacon Act -

As Kojak would
say "Who loves
ya' baby?"



ST. LOUIS LABOR
TRIBUNE
ST. LOUIS, MO.
W. 91,583

JUL 2 1981 *Byfaller*

Our Viewpoint

No deal, Mr. President

In his efforts to destroy Davis-Bacon, the federal prevailing wage law, President Reagan is attempting to cut a deal with organized labor. The deal which Reagan proposes is essentially this:

"I will oppose any effort by Congress to repeal Davis-Bacon if you will accept certain administrative changes in the law."

The administrative changes which Reagan's Department of Labor are drafting would effectively remove all the protections against cut-throat wage competition which workers on federally-funded construction projects now enjoy.

A spokesman for Robert Georgine, president of the AFL-CIO Building and Construction Trades Department, told the Labor Tribune (see related story):

"The proposals of his (Reagan's) Department of Labor would be just as destructive to Davis-Bacon as outright repeal."

Expecting organized labor to join in tampering with Davis-Bacon is like asking a Rolls Royce mechanic to improve performance with parts from a Soviet made sedan.

John Ubaudi, secretary-treasurer of the Madison County (Ill.) & Vicinity Council of Carpenters, told us:

"Davis-Bacon has been an effective law for 45 years. It has provided income support for construction workers, prosperity for the communities in which they live, and has ensured that construction work on federal projects is of the highest quality and in the long run, the most economical.

"If Mr. Reagan thinks labor will 'cut some sort of deal' on Davis-Bacon, he is sadly mistaken. On the contrary, we are going to fight him all the way."

Richard Mantia, executive secretary-treasurer of the St. Louis Building & Construction Trades Council, commented:

"Davis-Bacon to a large extent is the reason much of our national was built. It is to a great degree the life blood of our industry. There will be no deals of any sort on Davis-Bacon."

That says it all.

→ Dept. of Labor
file
Davis
Bacon
Act

(Dept of Labor)

SUMMARY

JOB TRAINING ACT OF 1982

I. Authorization and Allocation of Funds

A. Authorization

- o For FY 1983 - \$1.8 billion for State grants
\$200 million for Special Target
Groups (Indian, migrants
older workers and others)
\$387 million for Job Corps
- o For FY 1984 and after - Such amounts as are
appropriated.

B. Allocation of State grant funds (\$1.8 billion)

- o 67 percent by formula to States
 - \$2.5 million set-aside for territories
 - Balance to States on basis of legislated
formula which includes factors such as
number of persons receiving AFDC and number of
persons in low income families.
- o Up to 25 percent to States based on performance.
- o 5 percent to States matching private sector
cash contributions.
- o 3 percent reserved by Secretary for research,
demonstration projects, evaluation, LMI, TAT,
Commission.

II. Delivery System for State Grants

A. Governors' Job Training Councils

- o Membership
 - Governor shall appoint members from persons
nominated by local elected officials and private
business persons;
 - Governor serves as chairperson;
 - At least 51 percent upper management of private
businesses

- At least 20 percent local elected officials
- At least one representative each from State ES and vocational education
- Organized labor, community-based organizations, and other interested groups
- o Responsibilities, subject to Governor's approval
 - Designate substate service delivery areas and plan resource allocation
 - Approve substate service delivery area plans formulated by local Private Industry Councils
 - Develop linkages with other programs
 - Advise Governor on employment and training activities in the State and develop Governor's State plan.
 - Develop States performance standards
 - Perform functions previously assigned to State councils under Wagner-Peyser and advisory functions previously performed by SOICC. Governor may also have council perform functions of State Vocational Education Council and State Apprenticeship Council.
 - Review and comment on State ES plan.
- B. State will designate substate service delivery areas, building around major market areas within the State, except that:
 - o Political jurisdictions with a population of 500,000 shall be automatically designated.
 - o Governor may combine or add to automatically designated substate service delivery areas.
- C. State will allocate resources within the State, except that:
 - o There will be a pass-through of funds to automatically designated substate service delivery areas based on legislated formula which includes factor such as numbers of persons receiving AFDC and in low income families.

standards will be considered in the allocation of resources.

D. A Private Industry Council (PIC) is required for each substate service delivery area

o Membership

--Governor will appoint or set up mechanism for appointing members from persons nominated by local private and public officials.

--At least 51 percent upper management of private businesses

--"Significant" representation of local elected officials

--Representatives of State ES, State Vocational Education, labor, CBOs, other interested groups

o Responsibilities

--Plan, for submission to State, substate program including fund utilization; persons to be served; types of training and services; industries, occupations, content, and quality of training; and entities to administer program and to provide training and services.

--Perform functions previously handled by local labor market advisory council under the WIN program, and at discretion of Governor, local vocational education council and local job service councils.

III. Program Requirements

A. Participant eligibility

o AFDC recipients

o Out-of-school economically disadvantaged youth ages 16-25

o Up to 10 percent of funds may serve other persons with labor market disadvantages, e.g., in-school youth, older workers, veterans, displaced workers

- o Up to an additional 5 percent of funds may be used to match other funds to serve displaced workers in States which demonstrate a serious displaced worker problem.

B. Allowable activities

- o On-the-job and classroom training, remedial and basic education, assessment and employability planning, placement assistance, supportive services.

C. Limitations on Use of Funds

- o 15 percent for administration
- o 10 percent for supportive services
- o No allowances
- o No subsidization of wages (PSE and Work Experience)

IV. Special Target Groups

- o Native American programs
- o Migrant and Seasonal Farmworker Programs
- o Older Workers
- o Others

V. Job Corps

- o Transfer and redesignate current program authority.

VI. National Commission on Training and Employment

- o Purpose and functions similar to current National Commission for Employment Policy

USDL -

Contact: J.T. Hashian
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DONOVAN ANNOUNCES NEW TRAINING BILL TO SUCCEED CETA IN FISCAL '83

Secretary of Labor Raymond J. Donovan today unveiled the Reagan Administration's new training Legislative proposal designed to succeed CETA in Fiscal Year 1983.

The bill introduced in the Senate yesterday by Senator Dan Quayle and co-sponsored by Senator Orrin G. Hatch, calls for an authorization of \$2.4 billion the first year. It focuses sharply on private sector training programs for welfare recipients and youth through block grants to the states.

"These groups have traditionally had difficulty in gaining a foothold on our economic ladder and our goal is to get them back into the mainstream of the economy," the Secretary said.

Donovan pointed out that program operators would be able to use 10 to 15 percent of their funds for other persons with labor market disadvantages, primarily displaced workers.

"President Reagan has made an historic decision to chart a new course for job training. Previous efforts attempted to serve too many groups with little impact. We propose now to narrow the focus and dramatically increase the impact of our resources."

The Secretary said that "classroom and on-the-job training, the most cost effective of the training strategies used over the last seven years, will be the allowable training methods."

"Private Industry must play a major role in focusing training activities now and in the years to come so that we can prepare more adequately for our employment needs," Donovan said.

The thrust of the training will be in the areas of skill shortages--those occupations identified as being in short supply in the local labor market.

The governors will be asked to establish a Job Training Council composed of private business management, local elected officials, vocational education, and community based organizations, to provide statewide direction for the program.

"The Private Industry Councils (PICS) created under Title VII of CETA, will be the major planning agency at the local level, " the Secretary said. "They will be able to make the determinations regarding skill shortages because of their involvement in the local business community."

"In the final analysis, the Nation, with heavy reliance on private sector leadership and direction, should see the end of false expectations and the establishment of a training program that really works."

SUMMARY

The Administration has submitted to Congress legislation which will provide a program to prepare those persons most in need of assistance for full-time, unsubsidized employment.

To carry out the purposes of the Act the legislation authorizes to be appropriated \$4.387 billion for Fiscal Year (FY) 1983 and such sums as may be necessary for FY 1984 through FY 1987. Funds appropriated under the Act may be obligated through the Fiscal Year succeeding appropriation, and may be expended for two years from the date of obligation.

TITLE I--JOB TRAINING GRANTS TO STATES

This title describes the program which will be funded to State governments to provide job training to individuals most in need of assistance. The program will be operated through a grant from the Department of Labor to each of the 50 States, with the State government having primary responsibility for the design and management of the program.

Of the total funds available under this title, 97 percent is distributed to the States. Of the total, 72 percent (minus \$2.5 million for the Trust Territories) is to be distributed to the States by formula, based on the number of AFDC recipients, number of low income youth and number of long term unemployed in each State; and 25 percent is to be distributed based on successful achievement of performance standards. The remaining 3 percent will be used in carrying out the Secretary's responsibilities. Local political jurisdictions with a population of 500,000 or more are guaranteed a formula pass through of funds for the jurisdiction based on the same considerations as those used in the distribution formula for States.

This title provides for a State Job Training Council appointed by the Governor from persons nominated by local elected officials and business persons which consists of at least 51 percent upper management of private business, 20 percent local elected officials, and the rest representative of State Employment Service (ES), vocational education, organized labor, community based organizations (CBOs) and other interested groups. This council not only advises the Governor, but, with the Governor's approval, designates substate service delivery areas, determines resource allocation

to the substate areas, approves substate service delivery area plans formulated by local Private Industry Councils (PICs), develops the State's performance standards, and reviews and comments to the Governor on the State ES plan. In addition, the State Council promotes linkages and performs the functions previously performed by any State council established by State law under the Wagner-Peyser Act. At the Governor's discretion, the council may perform the functions of the State Apprenticeship Council.

In addition to those political jurisdictions of 500,000 or greater, other areas within the State may be designated by the State Job Training Council and Governor as substate service delivery areas. Such areas should relate to labor market areas and can be added to the guaranteed substate service delivery areas of 500,000 or greater population. The bill encourages State Job Training Councils to give strong consideration to designating rural Concentrated Employment Programs as substate service delivery areas.

Each substate service delivery area will have a PIC appointed by the Governor from persons nominated by local public officials and business persons. The PIC will consist of a majority of persons who are upper management of private-for-profit businesses. The remaining membership will include significant numbers of elected local public officials, and representatives from the State ES, vocational education, organized labor, CBOs, and other interested groups. The PIC will plan, for submission to the State, the substate program, including utilization of funds; persons to be served; types of training and services; industries, occupations, content, and quality of training; and entities to administer the program and to provide training and services. In addition the PIC will perform the function of any WIN labor market advisory council, and with the Governor's encouragement, shall coordinate with or integrate the functions of the local Job Service Employer Committee.

Persons eligible under this title are members of AFDC families and out-of-school economically disadvantaged youth, 16 through 25 years old. Ten percent of the funds may be used to serve other persons, including veterans, in-school youth, older workers and displaced workers. In those States with a serious displaced worker problem, up to an additional 5 percent of the funds may be used to match other funds to serve displaced workers.

Activities which are permitted under this title include on-the-job and classroom training, placement assistance, vocational education, remedial and basic education, employability assessment, and supportive services. All training will be designed to emphasize quality and results, and will be in skill shortage occupations.

The bill limits administrative costs to 15 percent and supportive services to 10 percent of the State's allocation. No allowances or participant wages will be paid.

TITLE II--SECRETARY'S RESPONSIBILITIES

Title II of the bill provides for specific responsibilities of the Secretary of Labor to maintain sound management of the program including performance standards, monitoring, auditing, corrective actions, administrative adjudications, reallocation, reports, research and evaluation, and technical assistance. The Secretary's performance standards which will emphasize participant outcomes will take into consideration legitimate variations among the States.

Award of funds under the Act is contingent upon satisfactory progress of recipients on corrective actions. The bill provides that funds misspent due to fraud, willfull disregard or gross negligence may be recovered from recipient funds other than those appropriated under this Act.

This title also authorizes the Secretary to provide specific services to Native Americans, migrant and seasonal farmworkers, older workers, and veterans. Additional target groups with special labor market disadvantages, such as displaced workers and offenders, may be served under this title.

TITLE III--JOB CORPS

This title transfers the authority for the Job Corps to this Act and redesignates appropriate section numbers.

TITLE IV--NATIONAL COMMISSION ON TRAINING AND EMPLOYMENT

This title establishes a national commission which is similar in purpose, membership, and function to the current National Commission for Employment Policy under the Comprehensive Employment and Training Act (CETA).

TITLE V-- GENERAL PROVISIONS

News

United States
Department
of Labor



Office of Information

Washington, D.C. 20210

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Wednesday, March 3, 1982

U.S. LABOR DEPARTMENT FUNDS VETERANS' EMPLOYMENT PROJECTS

Veterans' employment projects in eight cities and a national program to help visually-impaired veterans launch careers will receive a total of nearly \$900,000 from the U.S. Department of Labor during 1982, the department's new Assistant Secretary for Veterans' Employment announced.

William C. Plowden Jr., who is the first person to hold the position and who was sworn in by Secretary of Labor Raymond J. Donovan Feb. 18, said the projects will offer various combinations of placement, job training, counseling and outreach services for at least 6,400 veterans.

Key units will be in nine cities: Washington, D.C.; Philadelphia, Los Angeles, Denver, Jacksonville, Fla.; San Antonio, El Paso, Fort Worth and Corpus Christi, Texas.

The program for visually-impaired veterans will operate on a nationwide basis.

Services to long-term unemployed, minority and handicapped veterans will be emphasized in the nine cities. The specific projects, and organizations operating them under contracts with the government, include:

National American G.I. Forum, 1017 North Main St., San Antonio, \$350,000 to operate its Veterans' Outreach Program in San Antonio, El Paso, Fort Worth, Corpus Christi and Denver.

The organization will also provide job development and referral services. During 1981, it provided outreach services to 2,078 veterans and placements for 1,022.

National Urban League, 500 East 62nd St., New York City, \$220,000 to maintain veterans' centers in Washington, D.C., Jacksonville and Los Angeles through its Veterans Affairs Program.

The funds will be divided equally among the three centers, with a goal of securing training and permanent employment for a total of 200 disabled and long-term unemployed veterans.

The projects offer outreach, job development, training and psychological readjustment services to veterans.

2-2-2-2

During Fiscal Year 1981, the centers made 154 placements.

United Veterans Council of Philadelphia, 1211 Arch St., Philadelphia, \$150,000 to fund its Veterans Outreach and Community Services Project through Sept. 30.

Funding is through the City of Philadelphia, a prime sponsor under the Comprehensive Employment and Training Act (CETA). The funds are used to operate the Vietnam Veterans Multiservice Center for disadvantaged, minority, disabled and incarcerated veterans and to provide outreach, counseling, training and supportive services.

Current goals are to provide outreach services to 3,000 veterans, placement for 400, and discharge review for 200. During the previous year, the center provided the following services: placements, 210; counseling, 1,584; aid to incarcerated veterans, 174; ex-offender outreach services, 2,303.

Blinded Veterans Association, 1735 DeSales St., NW, Washington, D.C., \$166,230, to provide outreach, counseling and employment and training aid to qualified visually-impaired veterans in various localities to prepare them for careers in the private and public sectors.

The contractor is to provide outreach services to all known blinded veterans and plans to place 40 in unsubsidized positions between now and Nov. 30.

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ve-inch cannons booming all
him. That's funny.

THE INSOMNIA was never
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while I crawl in."
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LEADING petty officer
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ould just see the secretary of
notifying him that our pilots
just downed a couple of Libyan
ers, and Bob Hutton crawling
a laundry bag to think things



Staff photos by Mitch Toll

"We want to avoid disruption of a
physical nature — added traffic,
noise, alteration of the character of
the neighborhood and negative ef-
fects on the environment. And we

(Continued on Page B4, Col. 1)

Donovan: Direct line in D.C., turf rival in N.J.

By SANDRA SUGAWARA
Times Washington Bureau

WASHINGTON — In 1977, Jimmy Carter was president, New Jersey's governor was his buddy Brendan T. Byrne, and Raymond J. Donovan was a political nobody.

But with the changing of the guard this year, Byrne no longer gets that steady stream of White House invitations.

And New Jersey has a controversial new point man with the White House — Donovan, the Secaucus construction company executive.

"NEW JERSEY has a very strong presence in the Reagan administration because of Ray Donovan," said White House aide and former Hamilton Township resident Kathy Christiansen.

"The secretary (of labor) has the president's ear better than perhaps any of the rest of us in New Jersey," said Rep. Edwin Forsythe, R-Burlington.

"Check with Donovan" has become a common reply from Republicans here to those trying to get a fix on the Reagan administration's stance on various appointments and political matters involving New Jersey.

Donovan said in a recent interview that he considers himself "a close personal friend" of the president, although he said they do not socialize together.

"IT'S NICE to know that someone

"The saying is, Donovan's got to decide if he wants to be a cabinet member or the political boss of New Jersey."

— a Republican aide



RAYMOND J. DONOVAN

"The secretary (of labor) has the president's ear better than perhaps any of the rest of us in New Jersey."

— Rep. Edwin Forsythe

from the Northeast has the president's ear," said one New Jersey Republican congressman.

But other New Jersey Republicans say that has created more problems than it's solved. "There's a certain amount of turf jealousy going on over who speaks for the Republican Party in New Jersey," said an aide for a New Jersey Republican congressman.

"The saying is, Donovan's got to decide if he wants to be a cabinet member or the political boss of New Jersey."

Controversy is not new to Donovan. Since coming here he has faced a range of problems, including hostile Senate confirmation proceedings, replete with insinuations about mob connections to his construction firm, and harsh criticisms of his handling of the Labor Department.

Critics claim Donovan knows too little about labor matters, has failed to give the department real direction on important policy issues and has embarrassed the administration by getting involved in things like the

baseball strike and raids on sweatshops.

Supporters, who describe Donovan as a compassionate, hard-working man and a quick-study, note that he is trying to reorganize a huge department and is naturally going to irk organized labor leaders, particularly those who are Democrats.

"WHAT DOES this all mean for New Jersey? Well, to the extent that Donovan does a good job as labor secretary, he has a positive impact on

New Jersey's image. To the extent that he does a bad job, he has a negative impact on the state's image. And to the extent that he dabbles in state politics and patronage, he has a negative effect. To the extent he works with the state party, he has a positive impact. So it's a mixed bag," said a state Republican Party official.

Several county Republican chairmen say Donovan has worked hard to develop ties with them, but even that, at times, has backfired.

In July he had the county Republican chairmen to lunch in the Department of Labor dining room, and the day before he had the Republican congressmen from New Jersey to breakfast.

While many said they appreciated the gesture, a few interpreted the meetings as a sign that Donovan is interested in running for the Senate next year, something Donovan has repeatedly and firmly denied to anyone who will listen.

But while some say they are pleased to finally have a direct line to the White House, others clearly are not. "You can't have two Republican parties — Ray Donovan and the state Republican Party," said a state Republican. "It's not doing Donovan any good or Reagan any good in New Jersey. He's just irritating people."

"He has challenged, at every opportunity, the state party structure

(Continued on Page B6, Col. 1)

Donovan has Reagan's ear

From B1

and leadership. The absence of many New Jersey appointees is a result of that. Instead of cooperating with us, he has blocked efforts by party leaders to get our people in positions," said another state Republican.

He cited as an example an Essex County Republican who wanted to be regional director of the Department of Housing and Urban Development. "The job went to a New Yorker," he said.

DONOVAN SAYS he has made a strong effort to put qualified New Jerseyans in federal positions. "There is an exaggerated idea of how much federal patronage there is in every state. I am particularly proud of the efforts we have put in to attract good people to those limited numbers of positions," he said.

One Donovan supporter speculated that the discord could be jealousy of someone who "rose to the top without paying his dues." Other observers suggested the problem started way before Donovan became labor secretary.

During the (1980) presidential campaign, Donovan headed the Reagan organization in the state. Dave Norcross was the state Republican chairman. The question which naturally arose was, who was the head honcho?" said one Republican.

The first dispute was over delegates to the Republican National Convention. Norcross felt the majority should be longtime party regulars. Donovan felt they should be early and active Reagan supporters.

Then the two disagreed over who should distribute the inaugural tickets, according to observers.

A MORE SERIOUS dispute arose over the patronage issue. Under normal circumstances, recommendations for federal posts are made by the senators of the party in the White House. With two Democratic senators and a Democratic governor, there was some confusion over who would get that responsibility.

Donovan and Thomas Bruinooge moved in to fill that void. Bruinooge, who Donovan said is heading the Reagan organization in New Jersey in Donovan's absence, is an attorney

with Clapp and Eisenberg, a Newark law firm with strong Republican ties.

Bruinooge worked with Donovan on the Reagan campaign but has never been active in the state Republican Party organization. "You don't bring in guys like Bruinooge who are not elected and not part of the party organization without upsetting the organization, with all its special relations and connections between county chairmen and gubernatorial organizations," said one resentful New Jersey Republican.

Bruinooge screened candidates for various federal posts, the major one being that of U.S. attorney. He said he reviewed the resumes and discussed with the legal community the qualifications of several lawyers and settled on W. Hunt Dumont, the son of state Sen. Wayne Dumont, R-Warren.

Dumont, a partner in the Newark law firm of Robinson, Wayne and Greenberg, had a distinguished tenure as an assistant U.S. attorney and as a private attorney, according to Bruinooge.

Norcross and several Republican congressmen and county chairmen supported Kenneth P. Zauber, a Ewing township lawyer and former Mercer County Republican chairman.

"I think the U.S. attorney thing was an attempt by Norcross and other party regulars to exercise independence. I don't think there was any disagreement that Dumont was highly qualified, as was Zauber for that matter," said one source.

THE DISPUTE held up the appointment for several months, and a White House meeting was even called to try to settle the feud. The announcement has not been made yet, but it's well known that Donovan and Bruinooge won. Dumont will be U.S. attorney for New Jersey.

When Phillip Kaltenbacher assumed the leadership of the state Republican Party in June from Norcross, he decided to support Dumont.

"He was giving in to reality. He was new in the job. (He) doesn't have many ties to the White House. I think it was a personal thing with Norcross — he and Donovan just never hit it off," said one source.

However, others expect Kaltenbacher to make some effort to reassert the party's role in patronage once the governor's race is over in November.

"There'll be more time then. It's just the lack of time now, and the need for party unity," said another source. In fact, he noted that Kaltenbacher has already tried to put a hold on Donovan's choice for U.S. marshal for New Jersey.

Donovan downplayed the patronage dispute and said that discontent is expected in such situations.

"Naturally, honest people can differ on the quality of appointments. We have made strong efforts to obtain the views of all interested Republicans in these appointments. Obviously, when a person is chosen, there is one happy man or woman and many who are unhappy. But that's the natural process," said Donovan.

"And by the way, I only met Mr. Dumont once in my life. He, in my view, is a true consensus candidate and a non-political one, which in my view" is not only called for but demanded for the post of U.S. attorney," said Donovan.

"IF THERE WAS initially a resentment, it's not there now," said Bruinooge. "In fact, when county chairmen have problems with other Republicans in the state, they often come to us to straighten things out."

"Donovan has clearly emerged as a senior statesman," said Bruinooge, a statement that brought boisterous laughter from three New Jersey Republicans.

"I suppose it's all still really early," one added. "I thought the press's analysis of Donovan as labor secretary was premature, given the fact the guy's only been there eight months. Maybe this is, too. There is no doubt about it, Donovan is a nice guy and a hard worker. I think we would all just like to work this thing out."

Ham in hi

By

An Edison father of three charges that he boy in a hit-and

The man, yesterday on a Hamilton Town his car. He was booked, fingerprint

recognition. The 58-year-old a Mercer County auto. He alleged Stephen Lee on Feb. 25, 1973, from the accident.

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Piotrowski's of the boy's death said. He was spending time owned by a brother the bar, which

The hit-and in Hamilton Town ago, when poli

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JERUSALEM (A pilgrim was killed people were wounded was thrown street in Jerusalem and hospital office

Village Crossing developer says complaints 'exaggerated'

By JOHN MINTZ
Staff Writer

The developer of Village Crossing housing development in Ewing Township says homeowners who

article published Aug. 30 on the lawsuit.

Brenman acknowledged that a small percentage of the homeowners' complaints have merit, and that they

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Labor's Love Is Lost; Donovan Carries On

By SETH S. KING

Special to The New York Times

cont. from p. 1

WASHINGTON, Sept. 30 — Raymond J. Donovan, once a wealthy New Jersey building contractor and fundraiser for Ronald Reagan, now fills one of Washington's more anomalous jobs: Secretary of Labor in a Republican Administration that is determined to revise or terminate the many health, safety, fair employment, and job training programs that organized labor prizes so highly.

As Mr. Donovan has toiled in this contentious vineyard, he has been cheered on by the National Association of Manufacturers and denounced by the leaders of labor groups.

Corporate and Administration officials have praised him for cutting his department's budget by a third, for reducing its staff, and for no longer treating the department as a special lobbying office for the A.F.L.-C.I.O.

But Mr. Donovan's critics, of whom there are many in organized labor, charge that he has forsaken his department's past role as labor's advocate; that he has failed to build a badly needed consensus among management, labor, and government, and that after eight months he has yet to initiate any positive programs to replace those he is eliminating.

The critical barrage has encouraged a familiar Washington caper, the floating of rumors by Democrats that Mr. Donovan may soon be replaced, probably by Gov. William G. Milliken of Michigan, a Republican, and a prompt denial by the White House.

In an interview in his suite of offices at the Labor Department, Mr. Donovan, a friendly, intense man who speaks softly and quickly, discussed his record as Secretary and replied to the criticisms.

"I guess a Republican Labor Secretary is supposed to have a more difficult time of it," he said. "But it should be understood that we are not cutting out any health and safety requirements meaningful to the protection of workers. What we are doing is changing the approach."

In the past, he said, those enforcing programs had a "police state mentality" that "needs revamping."

'Out in the Cold'

A high-ranking labor leader, who asked not to be identified because he said he did not want to revive labor's recent slanging matches with Mr. Donovan, complained that the unions had never, even in past Republican Administrations, "felt more out in the cold in dealing with these people."

"I've never seen an Administration, except maybe the latter Nixon years, that has divided the world up between friends and enemies and put labor so firmly on the enemy side," the official said.

indicated that labor, 40 percent of whose members voted for Mr. Reagan, was now angry and disenchanted with the Administration, Mr. Donovan quickly answered "no."

'Essentially a Political Rally'

"Of course there were overtones of disagreement with the President," he said. "But it essentially was a political rally, with labor leaders saying the Democrats were the only hope of labor. They were talking as Democrats, not just labor leaders."

Mr. Donovan said he was not sure that the Reagan budget cuts would increase unemployment.

But, he said, "the only way we'll ever approach full employment is for people to accept the basic premise of the Reagan plan and get off the regulations binge and put more sense in monetary policy."

He was quite concerned, he said, that last month showed still another rise in unemployment among minorities and black teen-agers. But he believed the Comprehensive Employment and Training Act and the Job Corps had been expensive failures.

"I'm convinced that the only answer is in the private sector, which should put the feet of these people on the first rung of the employment ladder, not the Government," he said.

He would like to see a differential in the minimum wage to encourage small employers to hire more teen-agers, he said. And he had said earlier that he was experimenting with creating labor-management "site committees" to inspect their own work places as a substitute for the Occupational Safety and Health Administration. That agency, he said, had become "a national laughing stock with the nearest thing we've ever had to Federal police descending on companies to inspect everything from ladders to latrines."

Obviously, he said, he disagreed with critics who charged that neither he nor his top assistants had broad enough labor backgrounds to deal with the complex problems now bedeviling organized labor.

"Of course I'm not from academia, nor big labor, as some of my predecessors were," he said. "But maybe it's time we had someone with the practical experience of having been an employer as well as a union member. Every single predecessor has left behind the same problems I face now. I say the best social programs in the world are jobs. And I will trade pushing paper in this department for jobs any day in the week."

See pg. 2

Continued from
pg. 1

To this charge, Mr. Donovan replied: "My clientele is America, first, and it's identical with labor. What's good for America is good for labor, and vice versa. When I back Mr. Reagan's budget and regulatory reforms, I do it because it's the only way we're going to have another industrial revolution, where we'll create more jobs and more real take-home pay."

Mr. Donovan declared that rather than standing for a "narrow advocacy of organized labor, as in the past," he represented "all men and women in the country."

'A Special Case'

Why, he was asked, had he not attempted, either openly or behind the scenes, to settle the air traffic controllers' strike?

"I will not comment on my role in

'My clientele is America, first, and it's identical with labor.'

this dispute," he replied. "This should not infer that I am not aware of every aspect of it. But the air controllers are a special case. The President took an oath to enforce the law, the controllers took one no less solemn to obey it. They broke their oath. Mr. Reagan didn't."

Mr. Donovan, 50 years old, was one of 12 children who were very young when their parents died.

He had to struggle to put himself through parochial high schools in New Jersey and through a Roman Catholic seminary in New Orleans. In earlier years he was a union member. In later years in management he often conducted negotiations with New Jersey's rough-and-tumble construction unions.

Reminded that both he and Mr. Reagan contend that today's labor leaders are out of touch with their own members, Mr. Donovan said: "There's no evidence that these leaders are in touch with their memberships. In contrast, for 25 years of my private life, labor was part and parcel of my everyday living. I know what workers' needs are and what motivates them. I'm convinced labor's rank and file still wants to give Reagan's economic and regulatory programs a chance, even though labor officials would have you believe they have already failed."

Asked if the protests of 260,000 people at the recent Solidarity Day rally



Associated Press

Labor Secretary Raymond J. Donovan throwing out ball before Yankees-Rangers game on Aug. 10. He helped settle baseball strike.

Worsening Labor Pains

More questions about the White House and Donovan

W eek after week, new allegations have surfaced that evidence about Secretary of Labor Raymond Donovan's reputed involvement with mobsters was withheld from the Senate committee that approved his nomination. White House officials have steadily denied that there was any cover-up or that the FBI was ordered to ignore or undervalue potentially damaging testimony.

But Capitol Hill sources told *TIME* last week that White House aides helped Donovan's old firm, the Schiavone Construction Co. of Secaucus, N.J., recruit investigators to dig up damaging information about the Government officials who have been pursuing the charges against the Secretary. Philip R. Manuel, a private detective who claims to have a "loose consulting arrangement" with the White House, is believed by these sources to be a talent scout for the New Jersey firm in its hunt for sleuths.

Before his nomination, Donovan served as executive vice president in charge of labor relations at Schiavone. In May the firm said it had hired detectives to investigate the background of those looking into Donovan's involvement with mobsters and corrupt union officials as well as to find out, as an attorney for the firm put it, "who is deliberately leaking information to the media to prejudice an ongoing investigation."

The man picked by Schiavone to head its investigation was Robert Shortley, 60, a onetime FBI agent who retired from the agency in 1955. Shortley is a longtime friend of Edward V. Hickey, director of special support services for the White House and a casual acquaintance of White House Counsellor Edwin Meese. Shortley's wife Maiselle works at the White House as an aide to Morton Blackwell, a liaison with conservative groups. Anthony Dolan, a Reagan speechwriter, is Shortley's brother-in-law; so is John T. ("Terry") Dolan, director of the National Conservative Political Action Committee, which raised more than \$7 million for conservative candidates in the 1980 campaign. Shortley insists that no one at the White House steered him to Schiavone, but he refuses to say exactly how he was hired. Says Shortley: "It would be inappropriate for me to disclose that." Hickey and Meese deny any involvement. Meese told *TIME* last week: "I didn't know about it [Schiavone's hiring of Shortley] until I read it in the newspapers."

Manuel also denies that he was the middleman between the White House and Schiavone in hiring the detectives. Like Shortley, he is a close friend of Hickey's and was once a client of Meese's law firm in California. Indeed, Meese and Hickey tried to employ Manuel as a



Donovan facing reporters last week

Fury over "relentless and cowardly attacks."

White House consultant not long after Reagan's Inauguration last year. Hickey put through a formal request to hire Manuel and gave the sleuth a temporary White House pass that was valid until April 1981. Hickey, whose duties include overseeing Air Force One and Camp David, says he needed Manuel to help him with internal security checks, a task that is usually handled by military officers. Other aides recall that Meese and Hickey wanted an outsider they could trust to handle sensitive investigations.

Hickey claims that by March 1981 he had concluded that he did not need Manuel's services. *TIME* has learned that the hiring was actually scrapped by Hickey's boss, Michael Deaver, deputy chief of staff at the White House. Deaver was annoyed that Hickey had apparently secured Meese's approval to employ Man-

uel; jealous of his bureaucratic turf, Deaver ordered the hiring stopped.

Schiavone's hired hands have aggressively pursued their assignment. The company announced last week that Frank Silbey, chief investigator for the Senate Labor and Human Resources Committee, which is conducting an inquiry into the charges against Donovan, has a tarnished past. Silbey pleaded guilty in New York State to charges of aggravated harassment by telephone and possessing obscene photographs in the early 1960s. He received a suspended sentence for both offenses. Schiavone's gumshoes are delving into the personal lives of other committee staffers, as well as of some Senators. The snoops have also cultivated contacts with the staff of Special Prosecutor Leon Silverman, who is investigating the Donovan affair.

I t was also learned that Ralph Picardo, an admitted Mafioso turned Government witness, told the FBI in January 1981 that he had received regular payoffs from Donovan during the 1960s to ensure labor peace. He also alleges that Anthony Adamski, the FBI agent in charge of Donovan's confirmation check, told him that White House Counsel Fred Fielding had called and told Adamski that "the White House wants [the investigation] over with." Picardo's word is unverified, and Fielding last week again denied he had interfered with the Donovan probe.

Donovan insisted last week that he has no intention of resigning. In a statement to reporters, the grim-faced Secretary said that he would not discuss the allegations until the Silverman report was released. "I would, however, be less than honest if I did not state publicly my disgust with the relentless and cowardly attacks that have been made on me and my company."

Even if the Silverman report clears Donovan, questions surrounding the case are not likely to disappear quickly. The issue is no longer whether Donovan is qualified to serve in Reagan's Cabinet, but whether the White House tried to derail the FBI's investigation of Donovan's fitness for office. The bureau narrowed its inquiry, but on what authority? During the Reagan transition, Fielding and Meese were responsible for reviewing the FBI background checks on all nominees. Fielding has now been instructed by White House Chief of Staff James Baker to prepare a report of his office's involvement. The White House is not alone in trying to unravel that mystery. The Senate Labor and Human Resources Committee last week asked the FBI for the records of all conversations between the bureau's agents and Reagan aides during the Secretary's confirmation hearings last year, while the House Judiciary Committee requested an account of the Administration's handling of the Donovan case. —By James Kelly. Reported by John F. Stacks and Douglas Brew/Washington