

Ronald Reagan Presidential Library Digital Library Collections

This is a PDF of a folder from our textual collections.

Collection: Blackwell, Morton: Files
Folder Title: Department of Labor (3 of 3)
Box: 7

To see more digitized collections visit:

<https://reaganlibrary.gov/archives/digital-library>

To see all Ronald Reagan Presidential Library inventories visit:

<https://reaganlibrary.gov/document-collection>

Contact a reference archivist at: reagan.library@nara.gov

Citation Guidelines: <https://reaganlibrary.gov/citing>

National Archives Catalogue: <https://catalog.archives.gov/>

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name BLACKWELL, MORTON: FILES

Withdrawer

RBW 3/21/2011

File Folder DEPARTMENT OF LABOR (3 OF 3)

FOIA

F06-0055/07

Box Number 7

POTTER, CLAIRE

12

DOC NO	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
1	MEMO	EUGENE WAGNER TO WILLIAM PLOWDEN RE. WHITE HOUSE CORRESPONDENCE [PARTIAL]	1	3/2/1983	B6
2	MEMO	FOREST JOHNSON TO DON BRYANT RE. WILLIAM POUNDS [PARTIAL]	1	2/25/1983	B6
3	LETTER	JENNIFER POUNDS TO PRESIDENT REAGAN RE. EMPLOYMENT	3	1/13/1983	B3

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

*Dept of
Labor*

file

Unions

THE WHITE HOUSE
WASHINGTON

MEMO FOR: *Morton Blackwell*

FROM: WHITE HOUSE NEWS SUMMARY OFFICE

FYI

Note always date

(BKL)

G151HN

R K CZXHYDIAN

JC-EVANSNOVAK 7-22

SUBSCRIBERS ONLY

ADVANCE FOR FRIDAY; JULY 23

BY ROWLAND EVANS

AND ROBERT NOVAK

FIELD SYNDICATE

WASHINGTON - BLUE-COLLAR CONSERVATIVES WHO HELPED RONALD REAGAN MAKE INROADS IN INDUSTRIAL LABOR UNIONS ARE BAILING OUT BECAUSE OF WHITE HOUSE NEGLECT; A THREAT MADE CLEAR IN ANGRY COMPLAINTS BEHIND CLOSED DOORS HERE JULY 18 - REFLECTING A GENERAL UNRAVELING OF THE REAGAN COALITION.

DISILLUSION WITH PRESIDENT REAGAN CAME FROM 45 SKILLED CRAFTSMEN; REBELS AGAINST LIBERAL LEADERSHIP IN THE AUTO; STEEL AND RUBBER WORKERS UNIONS. THEY BOUGHT THEIR OWN TICKETS TO WASHINGTON TO COMPLAIN. AT THE SAME TIME; ONE OF THE FEW PRO-REAGAN LABOR LEADERS RUNNING A MAJOR UNION - TEAMSTER PRESIDENT ROY WILLIAMS - SENT A CONFIDENTIAL LETTER TO THE WHITE HOUSE COMPLAINING ABOUT "THE COLD SHOULDER" OF THE NATIONAL REPUBLICAN PARTY.

POWERFUL SENIOR AIDES WHO RUN THE WHITE HOUSE SEEM UNAWARE OF THIS THREAT TO REPUBLICAN SUCCESS IN 1982 AND 1984. THEIR RHETORIC SHOWS INSENSITIVITY TO RALLYING THE CONSERVATIVE MOVEMENT. "RONALD REAGAN ISN'T RIGHT-WING;" DEPUTY CHIEF OF STAFF MICHAEL K. DEEVER WAS QUOTED IN THE JULY 5 SAN FRANCISCO CHRONICLE AS SAYING. "I LIKE TO THINK OF HIM AS MORE OF A MODERATE MAN." CONSERVATIVE AIDES IN THE WHITE HOUSE WERE ASTOUNDED; BUT DEEVER HAD NO APOLOGIES.

THE 45 SKILLED WORKERS FROM AFL-CIO INDUSTRIAL UNIONS ARE NOT AFRAID OF CALLING THEMSELVES CONSERVATIVES. THEY MET JULY 18 AT THE FAIRFAX; VA.; SUBURBAN HOME OF PAUL WEYRICH; A NEW RIGHT STRATEGIST AND PERSISTENT REAGANITE HAIRSHIRT. IN ATTENDANCE WAS WHITE HOUSE AIDE MORTON BLACKWELL; A NEW RIGHTIST HIMSELF; WHO IS THE PRESIDENT'S LINK TO CONSERVATIVE SOCIAL-ISSUE GROUPS.

THEIR SURFACE COMPLAINT WAS THAT THE ADMINISTRATION HAS IGNORED THEIR STRUGGLE FOR A HORIZONTAL UNION OF SKILLED WORKERS CUTTING ACROSS THE BIG VERTICALLY INTEGRATED LABOR UNIONS - THE INTERNATIONAL SOCIETY OF SKILLED TRADES (ISST). TO GET IT; THEY NEED ADMINISTRATION PRESSURE ON THE NATIONAL LABOR RELATIONS BOARD AND THE LABOR DEPARTMENT. THESE HIGHLY PAID WORKERS THINK THEY EARNED SUCH HELP IN THE 1980 CAMPAIGN BY PROSELYTIZING THEIR FELLOW WORKERS FOR REAGAN; PARTICULARLY IN MICHIGAN WHERE THE REGULAR REPUBLICAN ORGANIZATION WAS COOL TOWARD THE PRESIDENTIAL NOMINEE.

"RONALD REAGAN PLEDGED HIS HELP;" THOMAS B. HALL; AN ISST LEADER

AND PERMANENT MEMORABLE MILESTONE. IN ATTENDANCE WAS WHITE HOUSE
AIDE MORTON BLACKWELL; A NEW RIGHTIST HIMSELF; WHO IS THE PRESIDENT'S
LINK TO CONSERVATIVE SOCIAL-ISSUE GROUPS.

THEIR SURFACE COMPLAINT WAS THAT THE ADMINISTRATION HAS IGNORED
THEIR STRUGGLE FOR A HORIZONTAL UNION OF SKILLED WORKERS CUTTING
ACROSS THE BIG VERTICALLY INTEGRATED LABOR UNIONS - THE INTERNATIONAL
SOCIETY OF SKILLED TRADES (ISST). TO GET IT; THEY NEED ADMINISTRATION
PRESSURE ON THE NATIONAL LABOR RELATIONS BOARD AND THE LABOR
DEPARTMENT. THESE HIGHLY PAID WORKERS THINK THEY EARNED SUCH HELP IN
THE 1980 CAMPAIGN BY PROSELYTIZING THEIR FELLOW WORKERS FOR REAGAN;
PARTICULARLY IN MICHIGAN WHERE THE REGULAR REPUBLICAN ORGANIZATION
WAS COOL TOWARD THE PRESIDENTIAL NOMINEE.

“RONALD REAGAN PLEDGED HIS HELP,” THOMAS B. HALL; AN ISST LEADER
WHO BELONGS TO THE AFL-CIO RUBBER WORKERS IN DANVILLE, VA.; EXPLODED.
“WE'RE GETTING TIRED OF A- KISSING THE REPUBLICAN PARTY.”

BUT GRIEVANCES WITH THE ADMINISTRATION SOUNDED AT WEYRICH'S HOME
TRANSCENDED UNION BUSINESS AND WENT TO THE NEW RIGHT AGENDA. THE
SKILLED CRAFTSMEN HEAPED BLAME ON THE ADMINISTRATION - USING
BLACKWELL AS THE TARGET BUT NOT SPARING REAGAN - FOR SHORTCUTTING
SOCIAL ISSUES: SCHOOL PRAYER; ANTI-GUN CONTROL; ANTI-ABORTION;
“PRO-FAMILY.”

THE CONSENSUS: NEITHER THE PRESIDENT NOR HIS WHITE HOUSE HANDLERS
HAS A STRATEGY; IN THE APT WORDS OF A BLUE-COLLAR CONSERVATIVE; “TO
CEMENT THE 1980 COALITION TOGETHER AND MAKE IT GROW.” THERE HAS BEEN
NEGLECT OF THE PRO-REAGAN SKILLED WORKERS WHO CALL THEMSELVES
CONSERVATIVE POPULISTS BUT WHOSE VIEWS NEVERTHELESS OFTEN GET MORE
RESPECT ON THE WORKSHOP FLOOR THAN THE LIBERALISM PREACHED BY UNION
LEADERS.

THE GRIEVANCE OF TEAMSTER PRESIDENT WILLIAMS WAS SEPARATE BUT
SIMILAR IN ITS INDICTMENT OF REPUBLICAN INDIFFERENCE. HIS JUNE 22
LETTER TO A WHITE HOUSE STAFFER EXPRESSED HORROR THAT REPUBLICAN
FINANCE CHAIRMAN RICHARD DEVOS WOULD “DENOUNCE THE ROLE THAT
ORGANIZED LABOR CAN PLAY IN AN ELECTION.”

DEVOS INSULTED ORGANIZED LABOR IN A SPEECH TO THE JUNE SESSION OF
THE REPUBLICAN NATIONAL COMMITTEE BY SAYING THE GOP SHOULD IGNORE THE
UNIONS AND CONCENTRATE ON NON-UNION LABOR. “IF THEY (UNION LABOR)
WANT TO BE REPRESENTED BY SOMEBODY ELSE,” HE SAID; “GOOD FOR
THEM”; BUT THEY ARE NOT “OUR RESPONSIBILITY.”

THIS IS THE REPUBLICAN DEATHWISH AT WORK. DEVOS WRITES OFF UNION
MEMBERS WHILE DEEVER THUMBS HIS NOSE AT CONSERVATIVES. NO WONDER
REAGANITE LABOR WORRIES THAT TIME IS RUNNING OUT FOR CEMENTING THE
1980 COALITION AND MAKING IT GROW.



SECRETARY OF LABOR

WASHINGTON

OCT 25 1982

Dear Mr. Blackwell,

Thank you so much for attending the breakfast meeting on Monday morning. I was pleased to have the chance to present an overview of the Department's accomplishments and equally interested in learning of your concerns for and views of the future.

As requested, I am enclosing material which summarizes the discussion. Again, thank you for joining Mark Cowan, Don Shasteen, and me. Please feel free to contact us in the future with your thoughts and comments. I look forward to seeing you soon.

Sincerely yours,

Raymond J. Donovan

Enclosures

Mr. Morton Blackwell
Special Assistant to the
President
Room 191
Old Executive Office Building
Washington, D.C. 20500

LABOR DEPARTMENT OVERVIEW

Entitlement

- Unemployment Compensation
- Trade Adjustment Assistance
- Black Lung
- Federal Employees Compensation Act
- Labor protection statutes

Discretionary

- CETA
- Employment Service

Regulatory/Enforcement

- OSHA
- Mine Safety and Health Administration
- Employment Standards Administration
- Labor-Management Services Administration
- Inspector General

Portion of
DL budget

62.5%

34.3%

3.2%

ACCOMPLISHMENTS

PRESIDENT'S OBJECTIVE: REDUCE SPENDING GROWTH

BUDGET REDUCTIONS

(outlays in \$ millions)

	<u>Carter</u>	<u>Reagan</u>	<u>% Change Carter-Reagan</u>
FY '82 Discretionary (less UI)	13,116	7,660	-42%
FY '83 Discretionary (less UI)	13,500	6,017	-55%
change FY '82 - FY '83	+3%	-21%	

- Reduced personnel by 19% (4,500 positions), the largest of any Cabinet agency.
- The FY '82 decrease of 42% in discretionary spending was the largest of any Cabinet agency.

PRESIDENT'S OBJECTIVE: ELIMINATE FRAUD AND ABUSE

	<u>Indictments</u>	<u>Convictions</u>
Carter FY 80	95	71
Reagan FY 81	183	96
Reagan FY 82 9 months	177	172
Increase FY 80-FY 82	86%	142%

- Eliminated 600 case backlog of unresolved CETA audits resulting in \$300 million of questionable costs.
- Obtained 60 indictments and \$4 million annual savings in fraudulent FECA claims.

Central States

Safeguards in Consent Decree

- Pension Fund assets managed by independent asset manager.
- Controls placed on Benefits and Administration Account.
- Independent Special Counsel established to monitor compliance with consent decree.
- Removal of trustees and employees convicted of crimes.
- Pension Fund required to cooperate with Department of Labor.
- Judicially enforceable for 10-15 years.

PRESIDENT'S OBJECTIVE: REGULATORY REFORM

- **Regulatory efforts will save industry over \$1 billion/year. This represents 16 percent of the regulatory savings achieved by all federal agencies.**
- **Paperwork reductions will eliminate 5 million burden hours/year of previously required reporting.**
- **Specific achievements:**
 - **Davis-Bacon regulations**
 - **Eliminated recordkeeping requirements for over 500,000 small, low hazard firms**
 - **Issued cost-effective hazard communication standard**
 - **Exempted certain residential mortgages from pension law**
 - **Issued hearing conservation standard**

PRESIDENT'S OBJECTIVE: PROGRAM OVERHAUL

Job Training

- **Block grants (federalism)**
- **Increased private sector involvement**
- **Focused resources on training**
- **Eliminated PSE**

Black Lung

- **Tightened eligibility standards**
- **Temporary coal tax increase**

Unemployment Insurance

- **Revised extended benefit triggers**
- **Interest on loans to states**

Trade Adjustment Assistance

- **Focused resources on retraining**

THE LABOR DEPARTMENT IN TRANSITION

Inauguration

- Overstaffed, overfunded, inefficient
- Enforcement responsibilities neglected
- Regulatory efforts distorted
- Programs inefficient, insolvent

Mid-Term

- Management and Program Credibility Restored

The Immediate Agenda

- Fulfill the Reagan mandate for change by:
 - emphasizing enforcement role
 - completing program and regulatory reform

IMMEDIATE AGENDA

PRESIDENT'S OBJECTIVE: IMPROVED MANAGEMENT

- **Reallocation of Program Staff to Enforcement Functions**
- **Regional Office Reorganization to Fulfill Federalism Initiatives**
- **Further Reduction of Salary and Expense Budget**
- **Incentive-based Compensation to Encourage Fraud Control**

— **Merit Pay**

PRESIDENT'S OBJECTIVE: BALANCED ENFORCEMENT

- **OSHA**
 - Private Sector Cooperation
 - Inspection Targeting
 - State Programs Initiatives
- **Strengthen ERISA Enforcement Efforts**
- **Reduce Entitlement Program Fraud**
 - UI
 - Black Lung
 - FECA
- **Strengthen Union Disclosure Audits**
- **Block Grant Oversight — Job Training**

PRESIDENT'S OBJECTIVE: REGULATORY REFORM

Primary

- **OFCCP**
- **Job training regulations**
- **Learner minimum wage regulations**
- **Select group of OSHA and MSHA regulations**
- **Pension Regulation**
- **Service Contract Act**

PRESIDENT'S OBJECTIVE: PROGRAM EFFICIENCY

Near Term

Central States
Racketeering
Longshore
Farm Labor Contractor
Registration Act

Long Term

Unemployment Insurance

- devolution to states
- ensure solvency

FECA

- tighten eligibility
- modify benefit structure

Fair Labor Standards Act

- summer youth differential
- improve enforcement

Pension Reform

- ensure solvency
- single employer plan amendments
- mortgage amendments

Mine Safety and Health Administration

- eliminate mandatory penalties and inspections

U.S. Department of Labor ↙

Mark D. Cowan
Chief of Staff to the
Secretary of Labor
Washington, D.C. 20210



November 10, 1982

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

Dear Morton:

Just a quick note to thank you for the opportunity to chat with and get to know you better. I also enjoyed lunch and since I left you with no option but to treat, I trust you will permit me to return the favor in the very near future.

Until we have the pleasure of meeting again, please do not hesitate to make use of our offices, I am,

Sincerely yours,

A handwritten signature in black ink, appearing to be "Mark D. Cowan".

Mark D. Cowan

U.S. Department of Labor

Assistant Secretary for
Veterans' Employment
Washington, D.C. 20210



January 24, 1983

The Honorable Morton C. Blackwell
Special Assistant to the President
for Public Liaison
The White House
Washington, D.C. 20500

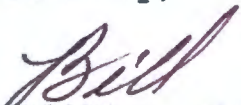
Dear Morton:

I want to thank you very much for your assistance in obtaining a message of congratulations to Joe and Bill Coors from the President on receipt of the Secretary of Labor's Recognition Award. I understand this is the first time the President has sent a message of congratulations and I am most appreciative of your efforts in securing this for me.

In addition I would like to commend Mrs. Carolyn Sundseth of your staff. I understand it was her efforts that allowed me to receive in timely fashion the message to be read at the ceremony in Golden, Colorado on January 12. The ceremony was a smashing success and the Coors family was particularly gratified to be recognized by the President.

Again, let me say thank you for your support in this matter and I look forward to working with you on future projects.

Sincerely,


WILLIAM C. PLOWDEN, JR.
Assistant Secretary for
Veterans' Employment

cc: Vincent Pagano

U.S. DEPARTMENT OF LABOR) *file*

OFFICE OF THE SECRETARY
WASHINGTON, D.C.
20210

January 4, 1983

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

Dear Mr. Blackwell:

Knowing how busy you are, I have taken the liberty of pulling together several recent articles which serve to point out the Secretary's recent activities.

As always, if we can assist you in any way give a call.

Sincerely yours,



Mark D. Cowan

INSIDE LABOR

RELEASE ON RECEIPT/DISPATCHED 12/27/82

BY VICTOR RIESEL

Donovan on Reagan's 1984 Campaign Road

WASHINGTON - Jogger Ray Donovan, the U.S. secretary of labor who's quite a racquetball player, has been high-vaulting over the heads of the national labor chiefs to get at the second line of command and the rank-and-file in a series of swift moves to "de-isolate" himself, get off national AFL-CIO president Lane Kirkland's blacklist and begin swinging the "union vote" towards his own leader, Ronald Reagan, whose aides are deep in a second-term campaign strategy.

Donovan has enemies in the White House, but as certain as the meteorologists have been errant the labor secretary is proving he is developing valuable entree in labor circles.

Anyone scanning his calendar and correspondence will note the nature of the counteroffensive, which if successful could neutralize some of the national AFL-CIO headquarters denigration of Donovan - one of whose predecessors, Jim Hodgson, was called a "janitor" by Kirkland's predecessor, George Meany, because Hodgson had said Meany was out of touch with the workers.

Though Kirkland has snubbed Donovan personally and professionally, refusing to speak to him at one reception, the labor secretary met with 10 members of the AFL-CIO Appalachian Council, Inc., in his headquarters Dec. 13. With them (most of them presidents of their state "fed" - federations) was the council executive director, Richard L. Wilkes.

None insinuated they thought of Labor Secretary Donovan as either a "janitor" out of touch with American workers or a political pariah. They discussed aid to the scores of thousands whose jobs had been wiped out - and who need immediate help. It was pledged.

Later that week in the AFL-CIO headquarters Donovan joined Vice President George Bush, U.S. Attorney General William French Smith and others close to Ronald Reagan at a Polish art exhibition in support of Lech Walesa's skeletal Solidarity. Donovan, along with others of the Republican hierarchal visitors, mingled with those who had put him in Coventry but had a fine time in the lion's den.

In a few days on another front he issued a statement on pension funds for which labor has been campaigning for years - the easing of rules which had made difficult, if not impossible, the investment of hundreds of millions of pension-fund dollars in projects that are related to industry and connected with the labor organizations whose members were covered by the pension trust.

Long before 1983 ages, this will be one of the biggest financial stories. There are, after all, half a million pension funds worth more than \$560 billion, of which at least \$200 billion are labor-related.

Two days later, on Dec. 22, Secretary Donovan dispatched a letter to the man in the three-piece suit - lawyer, orator and challenger of the status-quo, Richard "Rich" Trumka - who at the moment of the Donovan communication was being sworn in as president of the United Mine Workers, wealthy in historic giants and lore and impoverished of ready cash.

The coal miners elected Trumka to reimage themselves. They do have a political organization, "COMPAC," often effective. Neither the rank-and-file nor Trumka is about to ignore the congratulatory letter from a member of the president's Cabinet.

It is a brief but significant epistle, reflecting Donovan's instinctive political awareness of the nuances. The UMW is unaffiliated with the AFL-CIO and hardly averse to the thematic come-on-up-and-see-me-sometime:

"Dear Mr. Trumka: Please accept my personal congratulations on your election as president of the UMWA. In your new office, your goal will be to secure better, safer working conditions for your members. That is a goal which I share.

"As Secretary of Labor I have an obligation to promote the welfare of all American workers. I take that responsibility very seriously. It is my sincere hope that we can work together to achieve our mutual goals.

"I look forward to meeting you in the very near future. In the meantime, I hope you will not hesitate to call me if there is any way I can be of assistance. Sincerely, Raymond J. Donovan."

If similar letters have been written by Cabinet officers to victors in bitter intra-union elections they are collector's items. Donovan hasn't exactly been a miners' favorite. But he's moving out front and few matters appear to bother him publicly - not even the presence of Ted Kennedy at the Polish art show.

Of course, Donovan is battling to wipe out the anonymous informer-drawn images of him during the investigations.

But there's more. He is the political weather vane. Any effort to win over the secondary labor officials and the rank-and-file this early is a move to the moderate right. It is evidence, chimerical as it is, of preparations for Reagan's second presidential campaign.

It is the beginning of a newly-staffed effort to develop a following by contesting the national labor chiefs. It is part of the bits and pieces - made up of hundreds of Christmas cards the White House sent to labor officials and the unnoticed handful of top-ranking labor men who get over to the White House mess to "shmoose" - all of which are part of the 1984 campaign. It's later than we think.

ALL RIGHTS RESERVED

FIELD NEWSPAPER SYNDICATE

Wash. Times
Success at Labor

12-23-82 94

MARK
F-11
muv
Dec 30

Something strange has been going on at the Labor Department in the midst of all the hue and cry about Secretary Donovan's supposedly dark and dismal past. Now that all the investigators have packed up and gone home empty-handed, Donovan found time earlier this week to bring us up to date on what he's managed to get done at Labor while the "alleg-ators," as he calls them, were snapping at his ankles. What's newsworthy, although you wouldn't know it from reading the newspapers or watching TV, is that he has achieved things other Cabinet members only dream about.

In less than two years, he has:

- Cut the cuttable parts of Labor's budget in half,
- Led all other departments in getting rid of superfluous staff,
- Discovered some sensible uses for his small staff of OSHA safety inspectors,
- Gotten rid of some truly ludicrous restrictions on pension fund investments,
- And made a good start on taming Davis-Bacon, the antiquated, inflationary law which, in effect, forces government contractors to pay union wages to their non-union workers.

Liberals and organized labor screamed bloody murder when OSHA procedures were changed to concentrate inspections on workplaces with known safety problems. The complainers didn't like the idea that employers with good records wouldn't have inspectors coming by to count the rungs on their ladders. But Donovan did the right thing. When you've got to cover 3,000,000 workplaces, you don't waste time on the safe ones.

The day he met with us, Donovan announced changes in his department's pension fund regulations. These will permit, for the first time, a fund to own a Xerox machine and Xerox stock at the same time. Or lease real estate to McDonald's while owning McDonald's stock. Before the new regulations were announced, the "self-dealing" prohibitions

were so strict that a pension fund couldn't have its own Coke machine if it owned Coca-Cola shares. Trustees couldn't consider any investment which might somehow be related to something else their own company was doing, for fear they'd be charged with financial incest and so presumably cheating the pension fund.

With \$560 billion socked away in regulated pension funds, the old rules tied up a lot of money by preventing too many funds from considering perfectly reasonable investments because there was already a Coke machine or whatever in the company cafeteria. Donovan's rules changes will go a long way toward opening up investment opportunities for fund trustees.

That will help the funds. And the funds' beneficiaries. This frees up that \$560 billion for the private sector to borrow and invest in new plant and equipment. To enhance productivity and create jobs. In short, what Reaganomics is all about.

As for the Davis-Bacon law, it is supposed to protect people who don't have jobs from being offered jobs that don't pay as much as union jobs. Huh? The law says the federal government must *require* its contractors to pay "prevailing" (read "union") wages to workers on government contracts. The law also requires the federal government to give the contractor all the money he needs to pay those wages.

Donovan has made some changes in the regulations which will make it easier for contractors to pay their workers at the rates which *really* prevail in the area, even if some union workers get more. You'll be completely unsurprised to hear that the unions have taken the department to court, trying to block even these modest changes. We think the whole law is bad. It may not screw up the laws of supply and demand in the labor market as badly as the closed shop, or featherbedding, or the union shop, but it comes close.

Donovan sees policies solving jobless woes

© 1982 The Washington Times

By Gene Goltz *De. J.*
WASHINGTON TIMES STAFF

The country is 80 percent through the "pain threshold" now, and to create jobs programs through government action would only bring back inflation, Secretary of Labor Raymond J. Donovan said yesterday.

"To blink and go back to the old tried and failed methods would be the cruelest blow we could do to the unemployed," Donovan said in a luncheon meeting with editors and reporters of The Washington Times.

"Without being morbid about it, I would say I have a very heavy heart, and so does the president, as a result of these terribly high unemployment numbers.

"Let me point out that going

through these past two years attempting to follow the mandate of the president, the whole goal has been to get the economy moving again.

Rather than artificially create jobs, the administration will accomplish this aim by budget cuts, trimming the size of the government.

EXCLUSIVE

The Washington Times

encouraging the private sector to reduce government regulations, Donovan said.

"You want to contribute in a meaningful way; we do not want to fuel inflation more. That is a risk in business, to cut unemployment numbers.

see JOBS, page 12A

ENFORCEMENT ACCOMPLISHMENTS

	Indictments	Convictions
Carter FY 80	95	71
Reagan FY 81	183	96
Reagan FY 82	245	220
INCREASE FY 81 - FY 82	157%	209%

Eliminated 600 case backlog of unresolved CETA audits, resulting in \$300 million of questionable costs.

Obtained 60 indictments and 44 million in fraudulent FECA claims.

Robert Armstrong/Washington Times



Secretary of Labor Raymond Donovan speaks to Washington Times editors yesterday.

JOBS

From page one

out bringing back high inflation."

Asked whether people are better off now than before President Reagan took office, Donovan said:

"Yes, we are, all of us, if we are employed. They are better off. Those who are not employed obviously are not, and that is what we are addressing ourselves to."

One action credited to the Reagan administration was to extend unemployment benefits in September by six to eight weeks for those whose benefits had been exhausted, Donovan said.

Jobs programs have proved historically not to work and they are usually late, he said.

"This is a little on the cute side, but someone said, what is the answer is, when the Democrats come up for a public sector job bill, you know the recession is almost over.

"The trick in my view is to keep inflation down and get high employment, not trading one sin for the other."

The proposed 5-cent gasoline tax to rebuild the nation's highways is not a true jobs bill, the secretary said. But a basic obligation of the

president is to see that the roads and bridges are safe, and "to fix the bridges, you need people." But some economists believe the program will displace more people from jobs than it will employ, he said, because the money paid in will not be circulated through the rest of the economy.

One objection of many people to the highway construction program is that about \$1.2 billion out of an estimated \$5.5 billion the gas tax will generate will go to renovate the rapid transit system in New York, he said.

"I'm not defending (that part of) it," Donovan said.

Touching on a wide range of subjects, the secretary of labor made these points:

- He has asked for 150 additional auditors to audit labor unions. Some international labor unions have never undergone independent audits.

- There is a much stronger emphasis on job-training by the private sector, rather than reliance on government programs such as CETA. Under CETA only 2 percent of its budget ever went into new-job training.

- "Archaic" union rules that impede productivity will have to go by the board. One job of the Labor Department is to break down the suspicions between management and

labor. One action the secretary approves of is General Motors and the United Auto Workers union setting aside a nickel an hour for a displaced workers fund. This is an example of the private sector, not government, providing for training people in new jobs. He said.

- The Labor Department has promulgated certain regulations so that now two out of every five journeymen in the trades unions can be paid as helpers. This will allow new people to go to work in the unions where they would not have been welcome before.

In response to a question, Donovan said he would advise the president to continue to try to have a working relationship with AFL-CIO president Lane Kirkland even though Kirkland's "personal distaste for what we stand for is very high."

"I think his (Kirkland's) statement on riots in the streets, implying that he would lead riots in the streets, is very unproductive and goes beyond politics," Donovan said.

The November election polls show that the Republicans lost only 6 percent of union and blue-collar voters, from 44 percent down to 36 percent, Donovan said. That defection was the result of the recession, and when growth comes back, they will return, he predicted.

Donovan would ease investment of pension assets

By Glenn Emery
WASHINGTON TIMES STAFF

Dec. 21

A sweeping proposal to deregulate more than \$500 billion in pension fund assets was announced yesterday by the Department of Labor.

The proposed rule change in the Employee Retirement Income Security Act (ERISA) is designed to allow pension fund managers greater access and flexibility in the investment market, especially real estate.

Federal pension laws now generally prohibit pension fund assets from financing entities or operations connected to the pension plans. The rule change would affect about 10 percent of the country's \$560 billion in pension fund assets.

Qualified pension fund managers — such as banks, insurance companies and investment advisers — are now required to appeal to the Labor Department for exemptions on a case-by-case basis, a process that often takes three to four months. The rule change proposes a class exemption for qualified managers.

"The existing ERISA rules presented complex compliance problems for those responsible for managing employee retirement and other benefit plan assets," Secretary Raymond Donovan said at yesterday's press conference.

"In some instances, plan asset managers were forced to choose between applying for an exemption from the department, or foregoing a sound investment opportunity entirely," he said. "Some managers often choose the latter."

Donovan also said the reduced regulatory costs and paperwork which would result from the proposal could lead to more money for the pension fund and greater dividends for pensioners.

As an example of a transaction currently prohibited without a special exemption, Donovan said an investment firm could not use assets of an American Telephone & Telegraph Co. pension plan to purchase a shopping center if there was an AT&T store in the mall.

Because investments have become so diversified, Donovan said, it was becoming increasingly difficult for investors to take advantage of many legitimate opportunities without creating a conflict of interest.

"We are removing one stumbling block in the path of the manager who is trying to do the best job possible for the men and women who are depending on the pension fund for their retirement security," Donovan said.

A hearing on the proposal is tentatively scheduled for March 10.

TUESDAY, DECEMBER 21, 1982

MONEYLINE

A QUICK READ ON THE TOP MONEY NEWS OF THE DAY

WALL STREET

The Dow Jones industrial average fell 6.99 points to 1,004.51. Volume on the New York Stock Exchange was 62.21 million shares. (Complete Market Scoreboard, 8B.)

WASHINGTON

The Federal Home Loan Bank Board helped arrange the merger of 10 troubled savings and loan associations with an injection of \$24.2 million in cash from the Federal Savings & Loan Insurance Corp. Among the transactions announced Monday was one interstate combination, the 16th approved this year, in which a New York savings bank acquired two thrifts in Georgia, and the acquisition of a South Dakota thrift by an insurance agency.

The Labor Department proposed liberalizing federal regulations governing pension fund investments. The plan would cover about 90 percent of the \$500 billion in the nation's pension funds, allowing them to make limited investments in operations connected to the pension plans. Under current rules, that can be done only with special exemptions. Labor Secretary Raymond Donovan called the plan a bellwether of a shift in federal pension policy.



Treasury bill yields fell in Monday's auction with six-month bills hitting their lowest point since Oct. 18. The sale of \$11.6 million in new government securities will allow savings and loan associations to pay up to 8.768 percent interest on six-month money market certificates with banks allowed up to 8.518 percent. For three-month certificates, the new rate will be up to 7.857 percent.

DONOVAN: A new plan

U.S. Asks Broad Pension-Rule Exemption To Give Fund Managers More Flexibility

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON—The Labor Department proposed a broad exemption to federal pension regulations that it said would help unravel red tape and give certain pension-fund managers additional flexibility in making investment decisions.

The proposed exemption would allow these pension managers to engage in business transactions with certain parties related to the pension assets being managed. Under the 1974 Employee Retirement Income Security Act, such transactions are prohibited, because of possible conflict of interest, unless the department gives the pension manager a specific exemption.

Labor Secretary Raymond Donovan said he needs for a case-by-case exemption to avoid unnecessary delays and often defects from a pension manager's ability to make timely investment decisions. He added that some pension managers sometimes pass up an investment opportunity because of the prospect of delay and the need to make an exhaustive check to satisfy the conflict-of-interest requirements.

He noted, for example, that under current regulations, if a union pension fund wanted to invest in a shopping center, it would be required to seek a specific exemption, if it found that any workers employed where at the shopping center were members of the union.

Mr. Donovan, describing the proposal as a "major deregulation effort," said at a news briefing yesterday that the proposal represented a move "from what we consider unrealistic overregulation to prudent deregulation." He added that the department would continue to scrutinize pension-fund annual reports to determine whether funds were being run properly.

The department said the broad exemption would apply only to funds run by individuals or companies that meet the department's criteria for independent, qualified

managers, such as certain banks, insurance companies and investment advisers. It said about 90% of such banks, 75% of insurance companies and about 50% of private investment advisers would qualify for the exemption. The department estimated that managers of about 90% of the more than \$560 billion in pension assets would qualify.

The proposed exemption would apply to transactions involving so-called parties in interest who are related to the pension assets being managed. The department said individual exemptions still would be required for most "self-dealing" transactions, such as when a pension fund lends money to a company controlled by its asset manager.

The department said it plans to hold a public hearing on its proposal, tentatively scheduled for March 10.

In Pension Investments

By KENNETH B. NOBLE

Special to The New York Times

WASHINGTON, Dec. 20 — The Labor Department proposed new rules today to allow pension fund managers greater flexibility in investing the \$560 billion in workers' retirement funds that they control.

The proposal would allow most independent pension fund managers to invest in ventures in which their clients usually company or union pension funds — have an interest without seeking Labor Department approval.

Labor Secretary Raymond J. Donovan, calling today's announcement the "broadest, most flexible exemption ever proposed" by the department, and would serve as the centerpiece of the department's deregulation efforts under the Employee Retirement Income Security Act, or ERISA. He said that many pension investment opportunities were now lost because of costly and time-consuming ERISA pension law regulations.

Mr. Donovan said, for example, that a pension fund of the American Telephone and Telegraph Company would not be able to invest in a shopping center, but would do so if A.T. & T. had, say,

a phone distribution outlet in the center. The fund would have to get a special exemption from the Labor Department, often a long procedure. Currently, the department receives about 1,000 requests for special exemptions yearly, with about half approved.

Hearing Set March 10

"In some instances," Mr. Donovan said, "plan asset managers were forced to choose between applying for an exemption from the department, or forgoing a sound investment opportunity entirely. Some managers often chose the latter."

Labor Department officials said that the amount of funds that might be affected by the proposed changes could not be determined. A public hearing will be held on the proposed rule changes on March 10.

Jeffrey N. Clayton, the administrator of the department's pension and welfare program, said, "There are literally thousands" of "harmless situations" that are now prohibited by law unless the department grants a specific exemption.

Mr. Clayton, citing another exam-

Continued on Page D7

WEDNESDAY, DECEMBER 21, 1982

U.S. Would Ease Pension Fund Curbs

Continued From First Business Page

ple, said a union's pension fund could not invest in a shopping center in which there was a restaurant with union employees unless it had Labor Department approval. "It takes three or four months to acquire an exemption," Mr. Clayton said, "and particularly for real estate operations, they could lose a good investment opportunity."

Ian Lanoff, a lawyer and pension fund specialist with the Washington office of Stroock & Stroock & Lavan, a law firm, said: "The department is

taking some risks with this. One of the strengths of the enforcement system of ERISA is that people do have to seek approval for potential conflict of interest transactions. The risk here is that people will engage in transactions that don't really meet the conditions and the department will learn about it later."

Mr. Lanoff said, however, that "it's a legitimate risk worth taking." He continued, "What the department has concluded here is that most of the transactions are not abusive, and requiring people to come every time is

inhibiting worthwhile investments.

The Labor Department estimates that the proposed exemption would affect 90 percent of the nation's pension fund assets.

The department added that the proposed exemption would apply to "qualified professional asset managers" — banks, insurance companies and registered investment advisers that are "established institutions" which are large enough to discourage the exercise of undue influence in their decision-making processes and interests.

Easing of Pension Rules On Investments Proposed

By Nancy L. Ross
Washington Post Staff Writer

The Labor Department yesterday proposed technical revisions in pension regulations that would allow managers greater flexibility in investing the country's \$560 billion in pension assets.

Banks, insurance companies and investment advisers will be granted a class exemption to engage in sales, loans, leases, extensions of credit and exchanges of property with parties in interest without violating the law. At present, the Labor Department grants exemptions on a case-by-case basis.

Last year, approximately 1,000 applications for exemptions were filed. About half of all applications are granted. The process takes four to five months. It is estimated the revision in the 1975 Employee Retirement Income Security Act will save millions of dollars in staff time spent checking to see if the company or

union has a financial interest in a project in which the pension fund invests and, if so, filing for an exemption. The savings may be passed on to the funds.

An additional cost—one that cannot be estimated—is that of lost investment opportunities because of the long delays caused by compliance with regulations.

The change, which has been sought for years, particularly by the insurance industry, reflects the Reagan administration's philosophy of cutting red tape and giving business more latitude. Labor Secretary Raymond J. Donovan called it a "policy shift from a paternalistic approach to prudent deregulation."

He cited the following example: Were AT&T to buy a shopping center with its pension fund and also install a telephone distribution center in the same location, it would have to request an exemption under

See PENSION, D8, Col. 1

PENSION, From D6
the old regulation. In the same sense, a union seeking to invest in the shopping center could not do so if any union members work at the center.

The change will grant a class exemption for 90 percent of banks (those with \$1 million in equity), 75 percent of insurance companies (with \$1 million net worth) and 50 percent of investment advisers (with

\$50 million under management). It is expected that some smaller or in-house advisers may complain about the rule.

The ERISA was enacted in 1975 to protect workers' pensions and to eliminate abuses involving the use of corporate funds. The revision proposed yesterday would not affect prohibitions against self-dealing—such as a manager using the funds to make personal gains.

The Lame-Duck Session

Dec 21
WASH POST
Not So Bad . . .

FOR ALL the grouching about the lame-duck session, Congress did manage to do some things right—or, in some cases, not do some things wrong. One example was passage of the bill strengthening protections for migrant farm workers. The measure had been held up in the Senate, but strong pressure from Labor Secretary Raymond Donovan brought action at the last moment. The secretary had less luck, however, as delaying tactics by Rep. Phil Burton (D-Calif.) blocked action on two other important labor measures: one would have cracked down on labor racketeering, the other would have made long overdue reforms in workers compensation for longshoremen and other harbor workers.

After a struggle, the legislators resisted the urgings of the American Medical Association and rejected attempts to make the professions exempt from regulation by the Federal Trade Commission. The AMA did persuade a majority of the House to vote such an exemption, by a 208-195 margin on the crucial vote; those backing the AMA position received campaign contributions of \$2.2 million over the past four years, according to Common Cause. But the Senate, following strong leadership by Sen. Warren Rudman (R-N.H.), voted the other way, 59-37, and, in conference, limits on the FTC's authority were removed.

That Senate vote was the only roll call decisively rejecting an item on the list of legislation most deserving to die. But none of the others passed. Some, defeated by inaction, might well have lost if roll calls had been held. These include the attempts to prevent states from regulating pesticides more stringently than the federal government does and to exempt beer wholesalers from the antitrust laws.

They also include the local content legislation sought by the United Auto Workers. The UAW secured a 215-188 victory in the House; to the 215 members who voted for its bill, the union had contributed some \$1.3 million in 1979-82, according to Common Cause. But this bill never got close to floor action in the Senate, and even members who support it speak of it with distaste. Evidently they realize that this measure, should it ever be enacted, would cost the nation far more jobs than it ever would produce.

Then there are laws that would have passed, if they had come to the floor. The Senate would almost surely have voted a double tax deduction for Apple Computer, a transfer of the Alaska Railroad to the state government and a comprehensive new Shipping Act had not all these measures—and many more—been kept off the Senate floor by Sen. Howard Metzenbaum (D-Ohio).

First family's Christmas to revolve around tradition

Despite the sparkling style the Reagan administration has established at social functions, its Christmas and New Year celebrations are surprisingly traditional.

The first family will spend a quiet holiday in the capital. But like many other temporary residents, they will visit their real home as well.

Ronald and Nancy Reagan traditionally spend Christmas Eve at the home of old California friends, Charles and Mary Jane Wick. This year will be no different because Wick is head of the U.S. Information Agency in Washington.

"They'll sing carols and have a buffet dinner," said Sheila Tate, the first lady's press secretary.

On Christmas Day, the Reagans will be in the upstairs family quarters at the White House. They will dine there with their actress daughter, Patti, the Wicks and their children and spouses, and White House physician Daniel Ruge

WASHINGTON SCENE

By KAREN DE WITT

and his wife.

The Reagan's son, Ron, and his wife, Doria, are also guests at the White House this week.

Dinner will be a traditional holiday meal served around 5 p.m. Featured will be turkey and a favorite, "monkey bread." Dessert will be a yule log by White House chef Hans Raffert.

The Reagans will leave for Los Angeles Monday to visit friends. They'll be in Palm Springs, Calif., New Year's Eve with friends Leonore and Walter Annenberg, former U.S. ambassador to Britain. The president returns Jan. 2, while Mrs. Reagan stays on the West Coast to receive an award.

Vice President George Bush and his wife, Barbara, will spend Christmas in the official residence on the Naval Obser-

vatory grounds. Sunday, they'll go to Houston for a private holiday. "They'll stay in town on Christmas, so that the Secret Service agents can spend Christmas with their families," a spokesman said. "Their Christmas will be a very family-oriented day with their children."

Here's how a few other Washington officials are spending the holiday:

Interior Secretary James Watt and his wife, Lellani, will head to the West to visit their son, Eric, and his wife and their daughter, Erin, and her husband. Watt is particularly looking forward to visiting with his daughter, who presented him with his first grandchild, Joel Andrew, on Nov. 5.

Labor Secretary Raymond Donovan is spending Christmas in Short Hills, N.J. "Most of the family is still in New Jersey, so we'll spend the time travelling around visiting each other's homes," said Donovan. He said his wife, Cathy,



BUSH: Staying in town.

will bake Italian pastries and make fish dishes. But first Donovan must finish Christmas shopping. "I've got 53 nieces and nephews," he said.

Majority Leader Howard Baker will spend a quiet Christmas with his wife, Joy. Mrs. Baker is recuperating from surgery to remove a lung tumor. The couple's married son, Darek, will be at home in Memphis, but daughter Cissy, a Cable News Network reporter in Washington, will dine with them Christmas Day.

Sen. Paul Tsongas, D-Mass., will go home to Lowell for a family gathering. The next week, he and his wife, Niki, leave with some private citizens on a Middle East tour.

DONOVAN TOUTS RON'S JOBS PLAN

WASHINGTON (UPI) — President Reagan's 1984 budget will put nearly 1 million unemployed Americans back to work and provide another 500,000 summer jobs for youths, Labor Secretary Raymond Donovan said Sunday.

"Americans would rather have jobs than cash assistance, and it's essential that we help the unemployed regain their jobs," he said in an interview in U.S. News & World Report.

He said a job voucher program included

In Reagan's budget proposal would create as many as 800,000 jobs; a plan to pay subminimum wages to teenagers will give up to 500,000 youths work this summer, and a \$240 million program to retrain displaced workers will put another 100,000 people back to work.

The plan to employ teenagers at below minimum wages would be more effective than the defunct Comprehensive Employment and Training Act, Donovan said, but is not the answer to youth employment.

"The problem is far deeper than a summertime job. It goes into basic education. I say it's a tool. And it's time, in my judgment, that it has to be tried," he said. But he acknowledged it would put some adults out of work.

"You have to make a value judgment, and that's a very difficult human area to be in," he said. "The fact that this would be a summertime differential only should at least mitigate the emotional argument" against giving teenagers jobs that adults also need.

Study: 2.2M civilian jobs at stake

WASHINGTON (UPI) — Enactment of President Reagan's \$230.6 billion defense budget for 1984 would cause a net loss of 2.2 million jobs in the civilian economy, a new study said Sunday.

The study by Employment Research Associates of Lansing, Mich., an economic consulting firm specializing in the impact of

military spending, sought to apply Reagan's budget request to previous research on the issue.

With unemployment at 10.4 percent and Reagan proposing a \$30 billion defense increase for 1984, the impact of the defense budget on the economy is expected to play a

critical role in the budget debate on Capitol Hill.

According to the study, every \$1 billion "transferred from purchases by the taxpayer to purchases by the Pentagon caused a net loss of 18,000 jobs in industry and commerce."



RAYMOND DONOVAN
Labor Secretary

Thursday, January 27, 1983
Secretary's News Memo

VICTOR RIESEL LB WX

Reagan offensive to woo labor in the making

If President Reagan isn't planning to make the race again, he's doing lots of needless running in some mighty sensitive areas. He will move swifter — and his orders are that each of his specialized staffs sweep in ahead of him to make as certain as possible friendly reception by the special-interest blocs — especially labor.



He and his braintrusters believe they've broken the national union boycott of the White House, the Oval Office and Labor Secretary Donovan. This isn't to report that labor's love lost has been rewon — but even AFL-CIO chief Lane Kirkland recently went on record as willing to talk with Ray Donovan.

Some high administration strategists like to believe that the heat on Kirkland from powerful national union presidents was just too much for labor's chief of chiefs to withstand. There are millions of dollars in grants which the Labor Department hands out to unions for job training and development of apprentices. No big unions can afford to boycott the Labor Department for four years — especially during these cash-crunched days.

There isn't any doubt that Kirkland will do his meaningful communicating with President Reagan through Secretary of State George Shultz — already mentioned in the capital's salons as a presidential prospect.

Operationally, labor's theory is do the bread-and-butter work through the labor secretary and get the high policy impact on the president through someone like old friend Shultz. This has long been standard strategy.

Kirkland's late mentor and predecessor, George Meany, worked this "back channel" all through Dick Nixon's years — as Shultz, in the ex-president's own words, "became my personal economist." Officially Shultz was secretary of labor and later secretary of the Treasury.

Before becoming Reagan's secretary of state, private citizen Shultz

went on a series of secret international missions for the White House, the kind Henry Kissinger undertook for Nixon. On some of these matters Kirkland was briefed. He and Shultz have been talking recently — and will again when the secretary of state jets down to the AFL-CIO Executive Council meeting in Florida Feb. 25.

Kirkland and the labor chiefs are desperately interested in a vast "reindustrialization" program. He has been conferring with a few of the nation's top chief executives regularly in New York — best kept secret in town.

Kirkland and his insiders believe they can get to the president with their own detailed proposals most effectively through Shultz. But it would help if they cooled some of the daily demeaning of Reagan. Even for a political year, which 1983 is if ever there was one, the anti-Reagan rhetoric has been raw.

Reagan's strategists don't expect Victorian courtesy from labor's left of center. But the White House people are cashing in the vituperating. They've been talking with some of the national labor federation's influential

vice presidents, most of them heads of powerful international unions, pointing to the futility of rawhiding the president amid all the problems whipped up by smokestack joblessness and foreign competition.

There will be a Republican labor counteroffensive. The president has ordered it — along with the campaign among women, blacks and Hispanics.

The GOP's national labor committee will go countrywide with subgroups in many states. They'll point to the hundreds of thousands of jobs already on the line as a result of the highway-bridge program. Donovan has been talking with construction trades unionists on creating more work. Some of the top hardhat union chiefs have been to his office for off-the-record talks — on just how jobs will be made in each trade.

The unions are in business to keep their members working. Some of the highest labor officials don't see the percentage in locking themselves out of the White House. All this won't win Reagan national labor endorsement — but it can brake (sic) the AFL-CIO's offensive line.

ST. LOUIS (UPI) — Labor Secretary Raymond J. Donovan is supporting a proposal to speed up federal construction programs to put more unemployed people back to work.

He said yesterday a proposal to expedite the start of budgeted federal construction programs was "a positive approach" to creating jobs useful to the country.

President Reagan has not formally decided whether to present the proposal to Congress. Donovan said the proposal could be used for worthwhile jobs, for projects such as construction and maintenance at Veterans Administration hospitals, and also could result in economic savings.

"The sooner you get it done, the less it will cost."

Senate Appropriations Committee Chairman Mark Hatfield is working with the White House on a Republican jobs plan that could add \$3 billion to

construction projects already in Reagan's \$240.5 billion budget.

A spokesman said yesterday that Hatfield is moving on a jobs bill not to preempt percolating Democratic legislation, but because "the Republican Party has a responsibility to address the unemployment problem."

Hatfield, who has discussed the outlines of a plan with administration officials and Senate GOP colleagues, might be ready to unveil it today or tomorrow, the aide said.

The spending would be in "high jobs-producing areas that leave behind tangible products, not leaf-raking," the spokesman said.

Senate and House Democrats have formed a task force to develop an overall economic/recovery plan, focused first on jobs and relief for the unemployed and those facing immediate financial ruin.

Early cost estimates of the Demo-

cratic program ran from \$5 to \$7 billion; House Democratic whip Thomas Foley said yesterday some members want more than that.

Foley said his party's program would be ready within a month, and that an urgent appropriation bill to replenish the federal unemployment trust fund could serve as a vehicle for emergency relief.

A House subcommittee approved yesterday the administration's request to almost double the trust fund that lends money to states to pay their unemployment benefits.

The labor appropriations subcommittee unanimously voted to add \$5 billion to the \$8.8 billion fund approved late last year when the administration predicted fiscal 1983 unemployment at only 8.2 percent. The January figure was 10.4 percent, down from December's 10.8 percent.

Meanwhile, Reagan said yesterday

he blames increases in unemployment of unskilled teenagers on the minimum-wage law. Youths should be exempted from its provisions to improve their chances of getting a job, he said.

"The line on the chart for unemployment for teenagers goes right along increasing with the increase in minimum wage," Reagan told a group of regional editors and broadcasters yesterday.

He said government demands of employers, such as a higher minimum wage and Social Security payments, have made it "impossible" for unskilled young people to find employment at the apprentice level.

"The employer just can't afford to take these young people on. I believe the minimum wage... never should have been applied to young people looking for summer jobs, after-school jobs."

84 Budget Will Put 900,000 Back To Work, Donovan Says

WASHINGTON (UPI) — President Reagan's 1984 budget will put nearly 1 million unemployed Americans back to work and provide another 500,000 summer jobs for youths, Labor Secretary Raymond Donovan said Sunday.

"Americans would rather have jobs than cash assistance, and it's essential that we help the unemployed regain their jobs," he said in an interview in U.S. News & World Report.

He said a job voucher program included in Reagan's budget proposal would create as many as 800,000 jobs; a \$240 million program to retrain displaced work-

ers will put another 100,000 people back to work; and a plan to pay subminimum wages to teenagers will give up to 500,000 youths work this summer.

The plan to employ teenagers at below minimum wages would be more effective than the defunct Comprehensive Employment and Training Act, Donovan said, but is not the answer to youth employment.

"The problem is far deeper than a summertime job. It goes into basic education. I say it's a tool. And it's time, in my judgment, that it has to be tried," he said. But he acknowledged it

would put some adults out of work.

"You have to make a value judgment, and that's a very difficult human area to be in," he said. "The fact that this would be a summertime differential only should at least mitigate the emotional argument" against giving teenagers jobs that adults also need.

Donovan said although Reagan has proposed a \$1.9 billion extension of unemployed insurance benefits, his chief aim is to put Americans back to work and that only can be done through economic growth.



Bee file photo

Raymond Donovan

7

New job training programs deserve a chance,

He's 49 years old and has spent the last 20 years working in a steel mill that has now closed its doors forever.

People tell him there aren't any more jobs in the mill. Work these days is in computers and other technological fields.

Even if he had the aptitude to learn a high-tech skill, which is doubtful, he must wonder how he would feed his family while he went back to school. If those problems weren't enough to worry him sick, he hasn't had to look for a job in 20 years and he doesn't even know where to start.

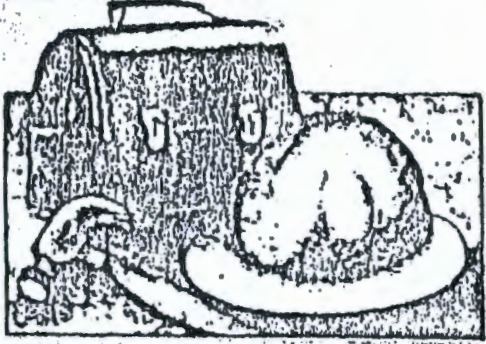
Except for a few variations in the details, the scenario above is becoming a fairly common one. As many as 1.6 million Americans add themselves in this boat.

"That's why it's such a complicated problem," Labor Secretary Raymond J. Donovan said last week during a visit to Kansas City requested by business and labor leaders.

Mr. Donovan said his highest priority in the Labor Department was dealing with the problem of displaced workers who are swelling the ranks of the nation's structurally unemployed.

Labor beat

By Mike Yablonski
Labor Writer



Despite some predictions of extinction for basic manufacturing in this country, Mr. Donovan said, the Reagan administration will not abandon the "smokestack industries." But he conceded that these industries will

never again employ the number of workers they once did.

Educating and training those displaced workers for new jobs is the big problem to overcome, he said. "The seedbed for some of my problems has been the breakdown in the education system."

Mr. Donovan said the state of the nation's vocational-technical education system has been deplorable for a long time. Minority and other disadvantaged workers in particular never trusted the system to work for them, he said.

The Reagan administration has dismantled and discarded the Comprehensive Employment and Training Act as a \$63 billion failure; new programs relying more heavily on cooperation with private industry are being set in place as an alternative.

Mr. Donovan acknowledges that the administration is gambling on the success of the new programs, but he said the nation "paid a hell of a tuition" to learn that CETA wouldn't work.

With the magnitude of the unemployment problem, it shouldn't take long to see whether President Reagan's ideas work any better. White House critics, and there are many, don't believe they will, but the stakes are too high not to give them a fair chance—and to keep our fingers crossed wishing them well.

Telling it as it is

It's a big business and government bureaucratic snafu that has left Clifford Wall fit to be tied.

While the Communications Workers of America wonders how the government-negotiated breakup of the American Telephone & Telegraph Co. will affect its Bell system workers, Mr. Wall has already found out. And he doesn't like it.

As an official of District 71 of the Machinists union, Mr. Wall represents 137 workers at a St. Joseph firm that makes telephone booths.

It seems that in the middle of the AT&T breakup, no one has decided whether telephone booths will belong to the surviving par-

Donovan says

ent company or the seven independently owned regional phone companies that will be formed.

Until that issue is decided, no one wants to buy new phone booths, so the St. Joseph firm has curtailed operations and laid off all but 41 of its workers, Mr. Wall said.

Some of those workers have been off the job since last April, and they are beginning to get desperate, he said.

Come again?

The AFL-CIO, objecting to government double talk (such as the Reagan administration's reference to the recession as "the prolonged, costly transition to non-inflationary growth"), has offered the following suggestions for future governments:

Unemployment can be called "extended involuntary vacation"; education cuts can be explained as a "temporary pain to excess where we are learning to live"; and the elimination of food stamps and other nutrition assistance can simply be termed "de-industrial control."

Chicago Sun-Times 2/5/83

Illinois to get job-training funds

WASHINGTON (UPI)—Labor Secretary Raymond J. Donovan announced Friday of \$18.8 million to Illinois and other states and jurisdictions for training workers uprooted from their jobs by the recession.

Illinois is one of six states eligible for more than \$1 million.

The funds, authorized by the administration's Job Training Partnership Act, are to be used to assist individuals out of work because of structural changes in the economy and who face long durations of unemployment.

"This administration will not abandon workers who have suffered so

much due to forces beyond their control," Donovan said in announcing the action.

"Our goal is to devise effective methods of helping these workers find productive employment as quickly as possible."

The allotment composes 75 percent of the money made available by Congress in December for the dislocated workers program during the current fiscal year, which is to provide workers with training, job search, relocation assistance and other services.

Donovan said the amounts were based on a state's unemployment situation.

Governors have until March 1 to

indicate if they will apply for a grant to operate such a program. States must provide matching funds totaling \$13 million, with the amount determined locally.

The states eligible for more than \$1 million are California, \$1,937, Michigan, \$1,446,231; Ohio, \$1,288,463; New York, \$1,261,093; Illinois, \$1,204,194, and Pennsylvania, \$1,118,333.

Only two states—Alabama and Michigan—are not required to provide matching funds, along with Puerto Rico, the Virgin Islands, Guam, American Samoa, Northern Marianas and the Trust Territory

THE STAR-LEDGER, Monday, February 7, 1983 O 9

Donovan says budget provides million jobs

WASHINGTON (UPI)—President Reagan's 1984 budget will put nearly 1 million unemployed Americans back to work and provide another 500,000 summer jobs for youths, Labor Secretary Raymond Donovan said yesterday.

"Americans would rather have jobs than cash assistance, and it's essential that we help the unemployed regain their jobs," he said in an interview in U.S. News & World Report.

He said a job voucher program included in Reagan's budget proposal would create as many as 200,000 jobs; a plan to pay subminimum wages to teenagers will give up to 500,000 youths work this summer, and a \$240 million program to retrain displaced workers will put another 100,000 people back to work.

The plan to employ teenagers at below minimum wages would be more effective than the current Comprehensive Employment and Training Act, Donovan said, but is not the answer to youth employment.

"The problem is far deeper than a summertime job. It goes into basic education. I say it's a tool. And it's time, in

my judgment, that it has to be tried," he said. But he acknowledged it would put some adults out of work.

"You have to make a value judgment, and that's a very difficult human area to be in," he said. "The fact that this would be a summertime differential only should at least mitigate the emotional argument" against giving teenagers jobs that adults also need.

Donovan said although Reagan has proposed a \$1.9 billion extension of unemployment insurance benefits, his chief aim is to put Americans back to work and that only can be done through economic growth.

"In a very important way, the Administration has already attacked unemployment by doing all the difficult things that Ronald Reagan said he would do: Work to stop the hemorrhaging in the budget, lower interest rates, reduce unnecessary regulation and so on," Donovan said.

The proposals are "a recognition that the recession has lasted longer than anyone expected," he said.

Calls Truckers' Violence 'Tragic'

Donovan Deplores Strike

By The Associated Press

Violence by striking independent truckers is "tragic" and "a sad state of affairs," U.S. Labor Secretary Raymond Donovan said yesterday.

Donovan, visiting a Bethlehem Steel plant in Steelton, questioned the strike's timing and said it will hurt efforts to revive the economy.

"If two of them [trucks] are not transporting goods, that's a negative effect on the economy," he said. "It's a sad state of affairs. I view it with disappointment."

Donovan said he could understand the truckers' complaints, triggered by increases in highway fees.

"But to do this as the economy is coming out of this recession, and particularly the brutality, disappointment is not the word. It's tragic," he said. "I hope cooler heads will prevail and they'll take their beef to the Congress and that's really where it should be."

As independent business peo-

ple, the truckers have a right not to drive, the labor secretary said. "But the guy who has a truck has the right to drive, too; not have bricks or bullets go through his windshield," Donovan said.

While at the Bethlehem plant, the labor secretary presented an award to Dravo Constructors, Inc., the first construction company in the nation to be approved for a new voluntary worker safety program.

Known as Star, the program exempts the company from general schedule safety inspections because of its previous good record. Ten other companies have been included in the program.

Dravo is building an \$85 million continuous casting facility for Bethlehem. First of its kind in the country, the new plant will produce steel "blooms" — rectangular blocks — by an automated process. The resulting steel products, used for rails or reinforcing bars, will be more competitive with foreign-produced steel, said Dennis Barry, as-

sistant plant superintendent.

Bethlehem has a continuous slab casting plant in Burns Harbor, Ind.

Standing on a wooden platform next to the unfinished casting machinery, Donovan said President Reagan's budget, introduced this week, calls for \$240 million for job training to help unemployed steel workers.

"It's not the entire answer," he said. "The answer is labor and management cooperation. But the federal government has an important role. This represents a 10-fold increase in the budget versus last year to attack the displaced worker problem."

Donovan said the Reagan administration was the first to propose steps to deal with blue collar workers facing little prospect for returning to their jobs.

"This administration is making a commitment to the structural unemployment that this nation will face in the next decade," he said.

Feb. 4, 1983

Labor secretary brings 'message of hope' to K.C.

By Charles Pluckhahn ^{Feb 8}
Labor writer ^{KC Star}

During a tour this morning of Trans World Airlines' Kansas City Overhaul Base, Labor Secretary Raymond J. Donovan told John Howes, a mechanic, that the economy has turned a corner.

Mr. Howes, one of 82 employees who were told Monday that they would be laid off March 7, listened attentively to the secretary's promise of better times ahead.

Later, Mr. Howes told a reporter: "I'll believe it when I see it. I think it will be a pretty long-term thing myself."

Mr. Donovan was in Kansas City today for the TWA tour and meetings with labor leaders, including a luncheon speech to the Kansas City Labor-Management Council and a dinner tonight at the United Labor Building, 6301 Rockhill Rd.

He is scheduled to meet Wednesday morning with regional Labor Department employees before flying to St. Louis for similar engagements.

At a morning press conference at the University of Missouri-Kansas City, Mr. Donovan re-emphasized that the economy is recovering.

"I'm here with a message of hope," he said. "The indicators of the past month and a half should give us hope that we've turned the corner."

Mr. Donovan restated the administration's opposition to "leaf-raking" public service jobs but said it supports programs to re-train laid-off factory workers.

He also defended an administration proposal for a sub-minimum summertime wage for teenagers.

Earl Wheeler, president of International Association of Machinists Lodge 1650, and members of the Greater Kansas City Labor Council accompanied Mr. Donovan on his tour of TWA facilities. Mr. Wheeler criticized the Reagan administration's economic policies but praised Mr. Donovan's visit to Kansas City.

"Communication, in my opinion, never hurts anybody," Mr. Wheeler said.

Funds allocated for state job training

Casper Trib 2/8/83

CHEYENNE (UPI) — The

U.S. Department of Labor has allocated \$13,141 to be matched by the state of Wyoming for a jobs training program for long-term unemployed workers.

Labor Secretary Raymond Donovan said the allocation "marks the start of a new federal effort by this administration to provide assistance to workers who are unemployed because of structural changes in our economy and who face long durations of joblessness."

The funds were allocated to Wyoming based on a three-part formula involving Wyoming's unemployment situation.

Donovan said the state has until March 1 to notify the Labor Department that the funds will be matched by the state.

National Feud Inside Labor Threatens To Split AFL-CIO Politically in 1984

WASHINGTON - There's no point in getting bogged down in facts on PACs, though there are a record 3,371 political action committees. They contributed \$70.4 million, another record, to congressional campaigns last year. There you have the vital details of the political growth industry.

What is far more significant is a feud inside the AFL-CIO which might well cause it to lose the battle over which the Democratic-labor coalition will be battling Ronald Reagan's Republicans in '84.

On the political front, labor isn't a monolith. It's pluralistic. And the blue-collar, hardhat building construction trades unions are more pluralist than the other unions, which constantly stand staunchly behind Democrats' ticket regardless of the nominee.

The Construction Trades Department isn't following the party line of AFL-CIO President Lane Kirkland. The Committee On Political Education (COPE) director, 49-year-old John Perkins. If this split widens during the campaign, Kirkland won't be able to win the needed two-thirds vote for an early nomination of a U.S. presidential candidate at the movement's mid-December General Board meeting.

Thus the pattern of national politics will be changed.

The building trades union, with 4.1 million members, 25 percent of whom are unemployed, is split over support of the nickel-a-gallon bridge and highway trust funds. The hardhats, headed by a governing board of general presidents, supported the levy. Kirkland endorsed it at the last moment to avoid splitting the ranks.

There were also razor-edged differences over Kirkland's support of the tough anti-racketeering bill which would have immediately removed from union office any convicted official - instead of allowing time for appeals to higher courts.

The bill is a tough one. It never got to the House floor during the lame-duck session. But it will be reintroduced again. The feud will get hotter.

There is also a pragmatic political difference between the two forces over Kirkland's boycotting of Ronald Reagan and Labor Secretary Ray Donovan. Both of them will be invited to speak to the Construction Trades Department's annual National Legislative Conference in mid-April. Some 4,000 delegates are expected for almost a week at the Washington Hilton, outside of which the then-new president Reagan was boycotted in 1981 after addressing that year's conference.

On this issue of boycotting Reagan, Donovan, et al, the president of the Construction Trades Department, Robert Georgine, has been sending signals to national AFL-CIO officialdom. These aren't smoke and mirrors. Kirkland is getting the message.

It's all sotto voce around the headquarters. None there wants to give the nation's political power brokers the impression that the "movement" is split and that a pre-1984 primaries endorsement of a Democratic presidential candidate is improbable. Even the threat of such an action wouldn't have any clout.

One Georgine signal sent recently was a "Dear Ray" letter written to Donovan and signed "with kindest regards" This was an invitation to address the department's governing board made up of general presidents of the 15 affiliated building and construction unions.

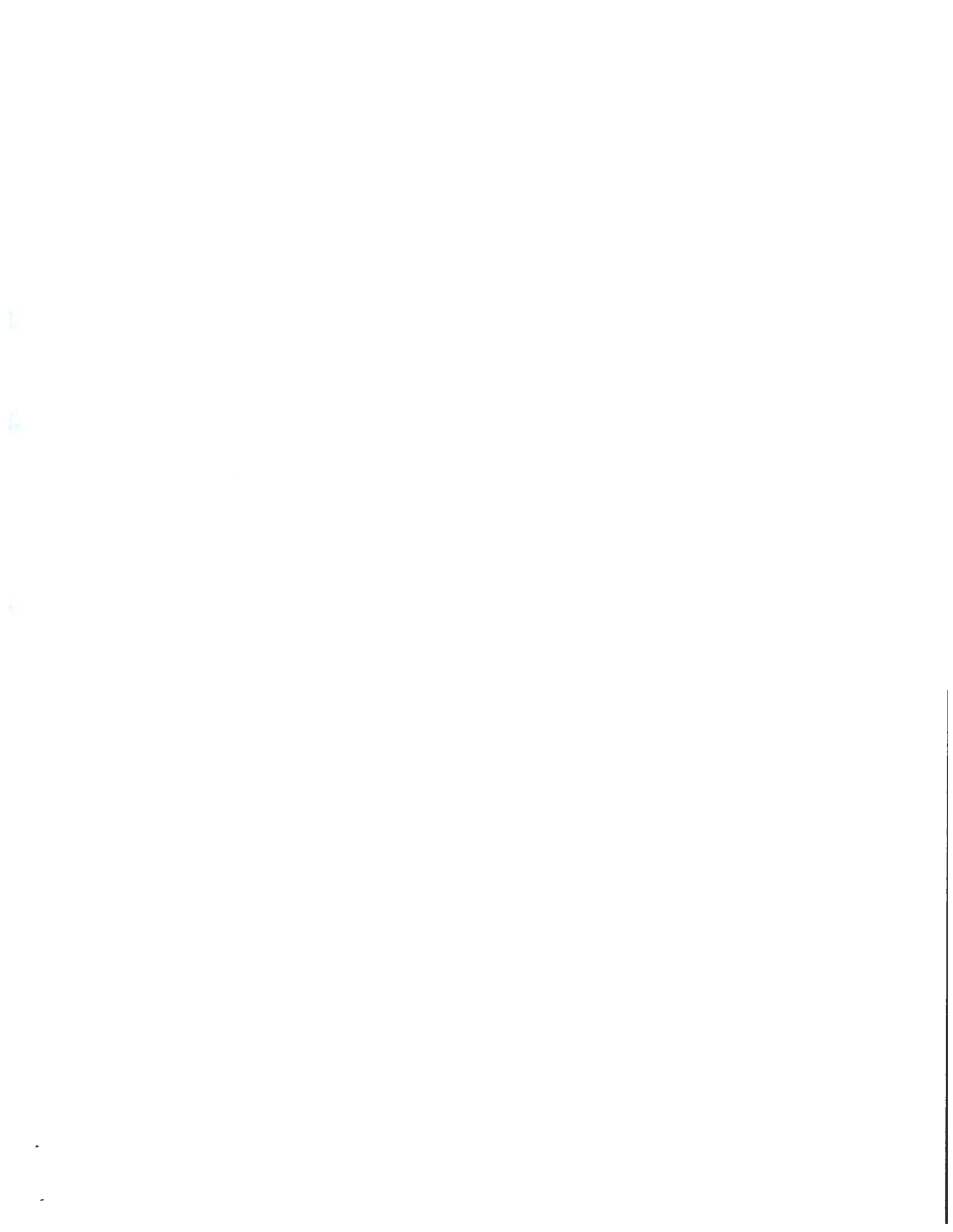
Georgine's communication concluded with "we look forward to meeting with you and I want to once again thank you for your help and assistance with highway legislation."

Donovan flew to the Hotel Diplomat in Hollywood, Fla., talked with the general presidents, predicted that the money would be spent creating more jobs so long as they weren't "pork barrel" make work.

That was last Tuesday. The visit didn't quite stop the presses, but another signal was dispatched when Georgine and Donovan held a joint press conference. "Bob" called "Ray" a "good friend." He wanted merely to be polite to the secretary of labor he could have simply thanked the Cabinet office for recording his warmth in print and on the tube for the man Kirkland loathes personally and despises politically.

A subtler signal of the hardhats' displeasure with the national AFL-CIO is convening their governing board meeting past week in Hollywood, a month before the federation's mid-winter Executive Council session. Traditionally, building trades organizations, like other AFL-CIO departments, piggyback on the council meeting by holding their own conference in the same hotel a few days before the high command session, chaired by Kirkland. The council will meet in the Sheraton Bal Harbour (Fla.).

There's a touch of boycott in the air. It's presumed that only the construction union president



There were also razor-edged differences over Kirkland's support of the tough anti-racketeering bill. This have immediately removed from union office any convicted official - instead of allowing time for appeal higher courts.

The bill is a tough one. It never got to the House floor during the lame-duck session. But it will be put again. The feud will get hotter.

There is also a pragmatic political difference between the two forces over Kirkland's boycotting President Reagan and Labor Secretary Ray Donovan. Both of them will be invited to speak to the Construction Trades Department's annual National Legislative Conference in mid-April. Some 4,000 delegates are expected. It will last for almost a week at the Washington Hilton, outside of which the then-new president Reagan was wounded in 1981 after addressing that year's conference.

On this issue of boycotting Reagan, Donovan, et al, the president of the Construction Trades Department Robert Georgine, has been sending signals to national AFL-CIO officialdom. These aren't smoke signals but a windstorm. Kirkland is getting the message.

It's all sotto voce around the headquarters. None there wants to give the nation's political power brokers the impression that the "movement" is split and that a pre-1984 primaries endorsement of a Democratic candidate is improbable. Even the threat of such an action wouldn't have any clout.

One Georgine signal sent recently was a "Dear Ray" letter written to Donovan and signed "with kind personal regards" This was an invitation to address the department's governing board made up of the general presidents of the 15 affiliated building and construction unions.

Georgine's communication concluded with "we look forward to meeting with you and I want to once again thank you for your help and assistance with highway legislation."

Donovan flew to the Hotel Diplomat in Hollywood, Fla., talked with the general presidents, predicted that more money would be spent creating more jobs so long as they weren't "pork barrel" make work.

That was last Tuesday. The visit didn't quite stop the presses, but another signal was dispatched to Kirkland when Georgine and Donovan held a joint press conference. "Bob" called "Ray" a "good friend." Had Georgine wanted merely to be polite to the secretary of labor he could have simply thanked the Cabinet officer instead of recording his warmth in print and on the tube for the man Kirkland loathes personally and despises politically.

A subtler signal of the hardhats' displeasure with the national AFL-CIO is convening their governing board this past week in Hollywood, a month before the federation's mid-winter Executive Council session. Traditionally the building trades organizations, like other AFL-CIO departments, piggyback on the council meeting by conferring in the same hotel a few days before the high command session, chaired by Kirkland. The 35-member council will meet in the Sheraton Bal Harbour (Fla.).

There's a touch of boycott in the air. It's presumed that only the construction union presidents who are national AFL-CIO vice presidents will be there when the gavel opens the meeting Feb. 21.

To insiders, all this has special significance. If these differences split the AFL-CIO politically, they will certainly remake the making of a president in '84.

ALL RIGHTS RESERVED

FIELD NEWSPAPER SYNDICATE

WX Note<

AM-Donovan, 350<

Donovan, Union Leaders Hold Talks On Jobs<
1521s1p-rlh<

PY SUSAN POSTLEWAITE=

Associated Press Writer=

HOLLYWOOD, Fla. (AP) — Labor Secretary Raymond Donovan met with union leaders behind closed doors Tuesday to talk about the nation's 1 million jobless construction workers. He said the subject of his resigning never came up.

"We discussed the new infrastructure," Donovan said after meeting with Robert Georgine, president AFL-CIO Building and Construction Trades Board, and 15 branch presidents, about proposals to spend money on public works.

Asked whether the subject of resignation, which was suggested two weeks ago by James Baker was discussed, he said: "Absolutely not. It never entered my mind."

"Jim Baker has a right to his personal opinion," said Donovan. "But I work for the president."

The labor secretary met with reporters for 10 minutes before leaving the oceanside Hollywood Diplomat Hotel to return to Washington. He said he has the "confidence and full support" of President Ronald Reagan.

Georgine called Donovan last week and invited him to the quarterly meeting. He also invited U.S. Interior Secretary James Watt to come Wednesday, but said he didn't know whether Watt would accept.

Georgine said he told Donovan that a massive federal infusion of money into local and state public works projects is needed to get unemployed construction workers back to work.

"We're talking about nationwide; public hospitals that have to be repaired, schools that have to be built, state buildings, sewage disposal plants. They're ready to go. The states don't have the money to do it," said Georgine. "The infrastructure of our cities is decaying."

He mentioned no figures, only that "the \$5 billion public works program in the last administration was very effective."

"We just suggested ideas," he said.

Donovan declined to comment on the proposal. He hinted that Reagan will touch on it in his State of the Union Address. "I don't want to upstage the president" he said.

Asked whether Donovan reacted favorably to his suggestions, Georgine said: "I don't know if receptive is the way to describe it. He listened to it."

"We say you can decrease the government deficit by spending. Others don't agree."

AP-WX-01-18 1543EST<



Labor Comment

By ED KELLY

Labor Chief Sees Need For Accord

SECRETARY OF Labor Ray Donovan says our times demand change and is urging American labor and management to meet the challenge.

The way to do it, he says in a recent address to the National Labor-Management Conference in Washington, is to replace the old adversarial relations between unions and companies with cooperative relations.

We did it in World War II when the enemy was at the gates, Donovan says, and we can do it again. What's more, he says, we've got to do it because there's a new enemy at the gates — this one threatening our economic way of life.

"To be sure," the labor secretary notes, "the challenges we now face are unlike the menace to national sovereignty that we successfully withstood in the 1940s. But they are no less a test of the resiliency and adaptability of our economic and social institutions, and of the wisdom and ingenuity of their leaders."

The first such challenge, Donovan says, "stems from the worsening position of the United States in the international marketplace" where our competitive position is eroding "as other nations have come to excel in productive efficiency and product quality."

HE SAYS WHAT'S happen- ing to our basic industries like

"Should such reverses become a long-term trend, continues Donovan, "the prospect of maintaining, let alone enhancing, our historically unprecedented standard of living is problematic at best."

There's no longer time for "business as usual," says the former construction company executive. He declares:

"These are times that fairly cry out for change. The country demands, more than ever before, business and union leaders who have the foresight and courage to give up the time-worn practices of the past in favor of new policies, new strategies and, above all, new relationships."

"Clinging compulsively to a collective bargaining relationship that was forged a half century ago, however productive it has been until now, can only be a prescription for mutual disaster, not mutual survival."

Another challenge facing employers and unions, the cabinet member says, is one "issued by American workers themselves."

THEY SEEK, HE SAYS, "more opportunity to develop and apply their skills; more flexibility in meeting their work and non-work lives, particularly in the domain of the family; and, perhaps most important of all, more of a say generally in decisions regarding the organization of their work and the conditions under which it is performed."

How should we meet these challenges of growing foreign competition and an increasingly restive labor force, Donovan asks.

He answers: Through the development of cooperative arrangements designed to promote organizational productivity at the same time that they improve the quality of life at work.

One of the best such vehicles, Donovan says, is the labor-management council, an endorsement that should please mightily those area believers who have fostered for years the Buffalo-Erie County Labor-Management Council.

Because Donovan believes the federal government has a role to play in encouraging cooperative industrial relations, he's set up within his department's Labor-Management Services Administration a Division of Cooperative Labor-Management Programs.

This makes the cooperative concept a major policy initiative of the Reagan administration.

N109

RW

DONOVAN-UNIONS
BY MERRILL HARTSON

WASHINGTON (AP) -- LABOR SECRETARY RAYMOND DONOVAN, SEEKING TO IMPROVE RELATIONS WITH UNION LEADERS, MET THURSDAY WITH RICH TRUMKA, NEWLY INSTALLED PRESIDENT OF THE UNITED MINE WORKERS OF AMERICA.

DONOVAN SPOKESMAN MICHAEL VOLPE CHARACTERIZED THE MEETING AS "VERY CORDIAL" AND SAID THAT THE LABOR SECRETARY TOLD TRUMKA HE DESIRES "AN OPEN RELATIONSHIP" WITH THE 220,000-MEMBER MINERS' UNION.

JOE CORCORAN, A SPOKESMAN FOR TRUMKA, DESCRIBED THE UMW CHIEF "AS THE NEW BOY ON THE BLOCK. HE'S SPENT THE LAST SEVERAL DAYS DOING THAT SORT OF THING."

DONOVAN'S CONTINUANCE IN OFFICE HAD BEEN TROUBLED BY ALLEGATIONS THAT HE HAD TIES TO ORGANIZED CRIME FIGURES AS A NEW JERSEY CONSTRUCTION EXECUTIVE BEFORE JOINING PRESIDENT REAGAN'S CABINET.

BUT A SPECIAL PROSECUTOR CONCLUDED IN TWO REPORTS LAST YEAR THAT THERE WAS "INSUFFICIENT CREDIBLE EVIDENCE" ON WHICH TO PROSECUTE THE LABOR SECRETARY.

DONOVAN SUBSEQUENTLY GOT A VOTE OF CONFIDENCE FROM REAGAN, AND THERE HAS BEEN LITTLE SPECULATION RECENTLY THAT THE LABOR SECRETARY WOULD RELINQUISH HIS JOB.

VOLPE NOTED THAT DONOVAN MET DEC. 13 HERE WITH 10 STATE AFL-CIO PRESIDENTS ALIGNED WITH THE LABOR FEDERATION'S APPALACHIAN COUNCIL AND SAID DONOVAN HAD A SIMILAR MEETING WEDNESDAY WITH J.C. TURNER, PRESIDENT OF THE INTERNATIONAL UNION OF OPERATING ENGINEERS.

THE SPOKESMAN SAID DONOVAN HAD WRITTEN TRUMKA LAST MONTH CONGRATULATING THE 33-YEAR-OLD MINER-LAWYER FOR HIS VICTORY IN THE UMW ELECTION AND EXTENDING AN INVITATION FOR THE GET-ACQUAINTED SESSION.

IN THE SESSION THURSDAY, VOLPE SAID, DONOVAN SAID HE UNDERSTOOD THE DIFFICULTY TRUMKA MIGHT ENCOUNTER IN ASSUMING A NEW JOB FOLLOWING A TOUGH ELECTION CAMPAIGN.

"IN SOME RESPECTS, IT'S EASIER TO WIN ELECTIONS THAN TO GOVERN," HE QUOTED THE LABOR SECRETARY AS TELLING TRUMKA.

VOLPE SAID THE PAIR AGREED THAT TRUMKA'S TOUGHEST IMMEDIATE CHALLENGE IS FINDING A WAY TO GET SOME 43,000 LAID-OFF UMW MEMBERS BACK TO WORK.

RELATIONS BETWEEN DONOVAN AND TOP OFFICIALS OF THE AFL-CIO HAVE BEEN FRIGID VIRTUALLY FROM THE INCEPTION OF THE REAGAN ADMINISTRATION. BUT DONOVAN HAS INDICATED IN RECENT INTERVIEWS THAT HE WOULD LIKE TO GET ALONG BETTER WITH AFL-CIO PRESIDENT LANE KIRKLAND.

AP-WX-01-06-83 1731 EST

Union Pension Case Settled for \$3.7 Million

Washington

The government announced yesterday a \$3.7 million settlement, the largest in U.S. pension law history, by trustees of a Nevada Culinary Workers pension fund for making allegedly illegal loans to a Las Vegas casino owner.

The Labor Department brought complaints in 1977 against the trustees and Morris Shenker, owner of the Dunes Hotel on the Las Vegas Strip, alleging that loans made by the fund to Shenker and his companies were illegal because Shenker was an employer contributing to the plan.

Labor Secretary Raymond Donovan said the fund made loans between 1973 and 1978 totaling more than \$27 million to Shenker and his companies.

The department said the \$3.7 million settlement, to the Southern Nevada Culinary Workers and Bartenders Pension Trust, is the largest to date under the Federal Employee Retirement Income and Security Act.

United Press

18 THE WALL STREET JOURNAL
Wednesday, February 2, 1983

Pension Fund Officials For Culinary Workers Settle U.S. Complaint

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON—Several current and former trustees of the Southern Nevada Culinary Workers and Bartenders Pension Trust agreed to pay \$3.7 million to settle charges of pension law violation, the Labor Department said.

The settlement, the largest yet under the Employee Retirement Income Security Act, was in the form of a consent decree approved by a Nevada federal judge Monday. The agreement stemmed from a 1977 Labor Department complaint that said, among other things, that pension fund trustees made loans to Morris A. Shenker, a Las

Vegas hotel and casino owner, who employs people covered by the fund.

Between 1973 and 1978, the fund made loans to Mr. Shenker and his companies totaling nearly \$27.3 million, the Labor Department said. Under federal law, it is illegal for an employer to obtain loans from a pension fund to which he and his employees make contributions.

The settlement involves six of the seven current and former trustees named in the complaint, but it doesn't include Mr. Shenker or Ben Schmoutey, the seventh trustee. The department said it will continue to pursue its complaint against Messrs. Shenker and Schmoutey.

Also, the settlement requires the pension fund to have its investment and assets managed by professional investment managers for five years, and to meet other pension fund management safeguards as required by law.

①

... VICTOR KIESEL
The 'Gipper' Strikes Back

WASHINGTON -- Flashback: In the very early '70s, the late labor chief, George Meany, toughest of them all, rose during a White House banquet for hundreds of labor officials to toast Richard Nixon with "I may be bouncing on your head tomorrow morning, but whatever the difference over issues and policies, labor is aware of the awesome load that is placed on the shoulders of the president of the U.S., and that every president I have known, regardless of political background, has been dedicated to the idea of serving the American people"

But today, roasts -- not toasts -- aren't the fashion of Meany's unbending successor, Lane Kirkland. So President Ronald Reagan has put together a team to go over the head of the AFL-CIO chief, to reach out for labor contacts wherever they are.

Its objective is to win political support, of course, but also, as one White House official says, "if there is a gap or a charge that we wouldn't listen and help, no one will be able to say it was our fault."

And on the team is U.S. Secretary of Labor Raymond J. Donovan. It wasn't always so. His critics, some of them in the Oval Office, have retreated. Today those who once talked icily of "that Donovan," or "the labor secretary," now speak warmly of "Ray." He will "be out front." The threat to "boot him out" is gone.

The scenario has changed -- it is the wish of Ronald Reagan, who had given his pledge to Donovan personally and didn't want a national impression of a day of long knives which would follow if there had been a real Cabinet reshuffling.

With Donovan on the "reach-out" team are Vice President George Bush, public liaison director "Liz" Dole and presidential labor adviser Robert Bonitati. They're resuming where they left off in 1981. This effort to reach past Kirkland's authority, office and internal federation strength was bogged down by his attack on Bush, early in '82, with a crack about the administration feeding the American public a cyanide-laced cold economic drink. This was a reference to the 1978 Jonestown, Guyana, mass suicide of more than 900 cult members.

After that, during the national election year, relations tobogganed. Then came the Donovan investigations and reports of Kirkland's refusal even to talk with the secretary of labor.

Subtlety is Kirkland's forte. When he gets blunt he means it. So Reagan decided to take him on. There will be, of course, as is politically professional, hard cop-soft cop strategy. The administration does have some call on Secretary of State George Shultz's time, talent and expertise in labor mystic.

He has been working with the AFL-CIO on foreign affairs. And he does have the special-impact input on domestic Oval Office policy which Kirkland and his big labor federation's national headquarters perpetually seek.

So, while Shultz isn't on the team he isn't exactly on the sideline. On Feb. 25 he will be in the Sheraton, Bal Harbour (Fla.), with the AFL-CIO high command Executive Council. He will be warmly received though he may have a word or 2,000 about labor relations.

conflicting, interests. Many need the White House. Many have decided that two years on the outside is a boycott they can't afford any longer.

This doesn't mean they'll toast Ronald Reagan. But they have gotten much from the team about which it can boast.

The nickel-a-gallon tax had the strongest support from Robert Georgine, head of the AFL-CIO Construction Trades Department, which expects to see the "infrastructure" highways, bridge and mass transport program produce jobs for more than 320,000 skilled hardhats.

White House foreign-trade experts have been battling Peking communist textile negotiators and threatening to continue cutting off or heavily curbing the red mainland's soft-goods exports into the U.S. Sure, it will be bikini time in the Arctic when the men's garment and textile workers and ladies garment workers union chiefs hail Reagan.

But they and their hard-hit members have much to thank the White House for in this competition with the giganticized communist textile production, which will drown our industry in its non-wage factories.

There's Ambassador Bill Brock's battle with the Japanese auto, steel, computer and robotnick industries. The Nipponese aren't budging much, but the war is on against our becoming Tokyo's economic colony.

The White House has helped the AFL-CIO win passage of the migrant workers seasonal protection bill -- and has taken labor's position on the complex Davis-Bacon Act, which, in effect, calls for top construction union wages on government-linked or -subsidized projects.

Top national AFL-CIO presidents visit the White House, its mess and many Cabinet offices -- albeit quietly. Few leave a political IOU. But none cuss out Reagan's policies, as do Kirkland's aides, as "immoral." The Donovan-Bush-Dole-Bonitati team will be in for more than it can handle but it will be reaching out in unlikely areas and to some which aren't as likely as they seem.

There is trouble with the Teamsters. Some of the Brotherhood chiefs marched with Kirkland and his second-in-command, Tom Donahue (secretary-treasurer), against Reagan during the recent campaign. Now Teamster president Roy Williams is in more than legal trouble. He isn't well. His emphysema is brutal and his hypertension doesn't help. So he may retire under any circumstance. Then the Teamsters couldn't be taken for granted.

That's why the White House has begun to reach out, and Reagan may well use the phone himself. The theory is that if the White House elder, Dick Nixon, could do it, so can Ronnie Reagan. From now on, bouncing on someone's head won't be a solo performance.

ALL RIGHTS RESERVED
FIELD NEWSPAPER SYNDICATE

New Congress, New Life For Labor Issues

Unemployment will be a focal point this year.

By Del Marth

FOR LABOR LEGISLATION, the year 1982 ended out of sync. No one—not organized labor, not the Labor Secretary, not the administration, not Congress—could find many matches between bills proposed and bills enacted.

A dramatic example of missed opportunities occurred in December. In Chicago, a jury found Teamsters President Roy Lee Williams and four other defendants guilty of trying to bribe a U.S. senator. In Washington, the House went home without passing an anti-racketeering bill that would bar convicted felons from holding union office and dealing with union funds. As a result, a firm headed by one of the convicted conspirators may continue to receive \$900,000 monthly from the Teamsters for processing insurance claims.

"Not seeing that bill passed was one of my greatest disappointments in 1982," says Labor Secretary Raymond J. Donovan (see interview on page 38). He looks forward to its passage in the new 98th Congress, as does its sponsor, Sen. Sam Nunn (D-Ga.).

The Labor Department, with responsibility for improving working conditions and advancing opportunities for wage earners, has a direct interest in many issues expected to come before Congress this year.

Likely to surface again, for example, is a bill for a two-tiered minimum wage. To organized labor, the bill is an "outrageous proposal to create a pool of cheap, part-time child labor," but to Donovan and the administration, the bill is "not a total solution, but a tool [to



Labor Secretary Raymond J. Donovan says that joblessness is not primarily a problem for government to solve but that government can certainly help.

deal with] teen-age unemployment, at zero cost to the taxpayer."

A two-tiered minimum wage would permit hiring young people at, say, \$2.50 an hour, although the minimum wage is now \$3.35. Says Donovan, "Imagine, if we had a youth pay differential just for the summertime—it could produce 350,000 to 650,000 jobs."

The administration will seek changes in the Davis-Bacon Act again this year. The 1931 act requires payment of Labor Department-determined wages to construction workers on federal and federally assisted projects. These wages are supposed to equal the prevailing wage that construction workers earn in the area where the project is situated.

The prevailing wage has traditionally been regarded as union scale in a particular area, with the result that federal construction projects often cost 10 to 15 percent more than necessary. The Rea-

gan administration is eager to keep the prevailing-wage requirement the act.

Organized labor is just as eager to keep it. "It protects taxpayers from shoddy work by fly-by-night contractors who seek to win government contracts by paying low wages to their own outside workers," says an AFL-CIO spokesman.

In December the House voted on an attempt by Rep. Charles Stenholm (D-Tex.) to exempt federal highway, bridge and mass transit construction and renovation work from provisions of the Davis-Bacon Act.

Business leaders believe the amendment would have created 40,000 additional jobs with no net cost to the taxpayers. They hope to continue their fight to eliminate the prevailing-wage provision.



The 98th Congress may be receptive to labor legislation supported by AFL-CIO President Lane Kirkland, including bills creating public works jobs.

under attack this year. The 1936 act, which applies to work done under federal contracts, requires that overtime rates be paid for any work over eight hours in one day. Organized labor calls the eight-hour day "America's oldest labor standard." The administration has spoken out for an amendment that would permit regular pay for a 10-hour day.

IN ADDITION, the administration will support a hefty package of bills to reform the Occupational Safety and Health Administration. Since 1971, when it was created, OSHA has irritated business with its regulation of the workplace. OSHA has been, Donovan says, a "crime and punishment agency." The reform bills will seek to convert OSHA from an adversarial position to a cooperative posture in its relations with employers.

The U.S. Chamber of Commerce, a strong supporter of OSHA reform, will join many small business organizations in urging Congress to amend the law so that it more nearly coincides with administrative changes made by OSHA's director, Assistant Labor Secretary Thorne Auchter, in the last two years. Auchter has emphasized helping employers comply with standards through consultation, rather than forcing compliance through the threat of penalties.

Continuing high unemployment is certain to lead to legislative proposals to provide jobs through federal projects, to the delight of organized labor and the chagrin of the administration. Some unemployment relief is certain to

arise from the 5-cent increase in the gasoline tax passed by Congress late last year. Donovan predicts that numerous road and bridge jobs funded by the increase will be on line before spring.

"Many new projects already are out of the design stage," he says, "and we can expect much of this new money will be spent on restoration and rehabilitation, for which preliminary design work is relatively rapid."

Expected to reappear in the 98th Congress is the immigration reform bill, an administration-backed proposal to deal with illegal migration into the United States and its labor market. The bill, passed last year by the Senate, called for tougher enforcement of immigration restrictions, an amnesty program that would give U.S. citizenship to many illegal aliens already in the country, and penalties for employers who knowingly hire illegal aliens.

THE BILL DREW criticism from organized labor, which feared that more foreign workers would be taking Americans' jobs, and from business, which attacked the requirement that employers enforce the immigration laws by running checks on the legal status of job applicants.

Nevertheless, says Sen. Alan K. Simpson (R-Wyo.), its principal sponsor, "I am excited about the bill's prospects of passing the next time."

A next time is expected for another reform that failed to pass last year. Under the 1927 Longshoremen's and Harbor Workers' Compensation Act longshoremen are

the-job injuries. In 1971, the administration expanded the injury benefits for longshoremen and harbor workers in "related" industries. The shipping and insurance industry, with the support of business administration, want to restrict the 1927 act's restrictive compensation provisions.

The administration's bill to create enterprise zones for distressed urban areas failed in committee hearings last year. The bill calls for tax credits and regulatory relief for new businesses that start up in distressed areas, thereby create employment opportunities.

There will probably be an effort to persuade Congress to amend the 1980 law that imposed strict standards on union-negotiated pension plans—plans for employees of many different industries within the same industry.

EFFECTS OF THE LAW, which require companies in certain industries to pay large sums to their employees' pension funds, have been causing concern, some business groups say. The American Trucking Associations, for example, says the law has made it impossible for the group's members to sell, merge or move their companies because of potential pension liabilities.

Last year did have its highlights in the labor area. Congress passed the Job Training Partnership Act, a bill that epitomizes the coalition of labor and the private sector that the administration is trying to build.

The act calls for state and local officials and business leaders to meet their labor needs and to retrain workers employed in their areas to fit those needs. A successor to the Comprehensive Employment and Training Act, which expires in September, the new act requires that 70 cents of every dollar appropriated to create and fund training programs be spent directly on training. CETA could manage to spend 30 cents of each dollar on training, with the remaining funds went to administrative costs.

"Unemployment is primarily a business and labor problem," says Van.

"It is not one that government can solve, but we in government can have programs on the fringe that affect the problem. And the Job Training Partnership Act..."

PHOTO: ANDY LEVINE—AP/WIDE WORLD

WHEN WASHINGTON insiders speculate on the possibility of mid-term changes in the Reagan cabinet, Labor Secretary Raymond J. Donovan is prominent among those officials considered likely to be leaving.

The Secretary says, however, that he expects to remain in his post through 1984 and that he plans a much more aggressive policy role than he undertook in his first two years in office.

Much of the Secretary's time was pre-empted, during his first two years, by his fight against allegations that he had ties to organized crime. A series of investigations cleared him, and he retained President Reagan's backing throughout that troubled period.

Now that the investigations are over, Donovan says, "I think they had, strangely enough, a beneficial effect on my staff and the people at the Labor Department. I believe everyone worked harder, more intensely, in support of me."

One of his goals, as he enters the second half of the administration's term, is establishing better ties with organized labor.

"Our department has a meeting of the minds with labor leaders on many issues," Donovan said in an interview with NATION'S BUSINESS. "Among them are foreign trade, safe and healthy workplaces, jobs to fix the country's highways and bridges."

He adds, however, "We agree on goals, but it is how we get there that creates some disagreement. Politics is ever present. Sometimes we get criticized [by organized labor] for policy, and I wonder whether it is policy or politics that we're talking about."

In the wide-ranging interview, the Secretary offered these comments on other labor policy areas:

Unemployment: "It must be separated into cyclical and structural. To solve cyclical unemployment, which occurs at intervals, in recessions, we simply must get the economy moving upward. Structural unemployment is something else; an example is the high



United Mine Workers President Richard L. Trumka (left) accepted a get-acquainted invitation from the Labor Secretary.

Donovan Seeks More Unity With Unions

unemployment rate among young people and minorities, and the many workers displaced by the changing nature of the job market. If all our dreams and hard work come to fruition and we get sustained growth, we can resolve the cyclical unemployment, but the needs of the structurally unemployed will still have to be addressed."

Legislated job programs: The experts have said, and I agree, there is no program other than good, solid, strong economic growth that will have any meaningful effect on the unemployment rate. I am certain there will be some legislation in the new Congress for public sector employment, we've seen it in the lame-duck session of Congress and we saw it before that. My feeling is the same as the President's and I had this feeling before I came here—that the quick fixes are awfully tempting, but they don't work."

Work skills: "Many of the problems thrust at the Labor Department's door in the area of hard-core unemployment really come out of our educational system. So many young people are not prepared for the job market. The Labor and Education departments have been

the last 20 to 25 years worked out of balance. What we need is that business lost incentive for the working man. Through President Reagan is building it back up. Then, too, the government has been on a regulatory binge.

The labor force: "Historically, it has been true that more and more people enter the work force as the economy grows, so that more jobs are created. But things are about to change. The baby boom is over, and the number of new workers coming into the market will not be as substantial as it has been in the past years ahead as it has been.

As a matter of fact, the Bureau of Labor Statistics reports there will be a labor shortage in the next few years and that's a pleasant thought in these tough times."

The administration: "I don't know whether we are or are not after the first two years of Reagan, my answer would be no. Yes, we are. Every worker employed is better off, of course, than there are 100 million who are unemployed. Obviously the 12 million who are unemployed are not better off."

meeting to
to remedy
lem. I don't
us have
closely en
to have go
a concerted
structural
problem."

The Job
nership
proud of
this new
gram. I ha
for it. Our
the states
ness lead
place 1 mi
year under
inflation
the cruele
world. We
down and, t
ment has g
trick is not
the other. A
intely convi
have to tra
other. If yo
you do, you
believe in th
dream. Thro
of our hist
had strong
and little im

PHOTO COURTESY OF LABOR

Public Jobs "Haven't Done a Whit" to Cut Unemployment

A strong economy is the best way to get people back to work, says the labor chief. Meanwhile, the administration plans to help those facing financial hardship.

Q Mr. Secretary, what real help does the President's fiscal 1984 budget offer the millions of Americans who can't find jobs?

A Growth of the economy is the real solution to unemployment, and I think the American people are beginning to see the turnaround that we've been long predicting.

But to be specific, to assist the tremendous number of people who face economic hardship during the coming months, the President is proposing a 1.9-billion-dollar extension of unemployment benefits.

We are convinced, though, that Americans would rather have jobs than cash assistance, and it's essential that we help the unemployed regain their jobs. So we are proposing a job-voucher program to spur creation of new jobs, a youth differential for minimum-wage employment during the summer months and a tenfold increase in funds—240 million dollars in all—for retraining and relocating displaced workers. We also are suggesting that states be allowed to use part of their unemployment-insurance funds for retraining.

Q How many people would all of this touch?

A It's difficult to say for certain. In youth employment, as high as a half million. The voucher system could be as high as 800,000. For the displaced-worker program, we estimate 100,000.

Q When do you expect to see some meaningful reduction in unemployment?

A I don't see a precipitous decline, but I see a consistent decline in unemployment and a consistent growth in the economy. One will follow the other, obviously.

Q Why has the administration waited until now to take any direct action against the high unemployment rate?

A In a very important way, the administration has already attacked unemployment—by doing all the difficult things that Ronald Reagan said he would do: Work to stop the hemorrhaging in the budget, lower interest rates, reduce unnecessary regulation and so on. Without these programs we would never lick the problem.

Q Can't these new proposals be interpreted as an act of desperation?

A No. It's a recognition that the recession has lasted longer than anyone expected. There is no question that the working men and women of this country are experiencing pain. They, of course, are my particular concern. But my concerns go beyond them to the employers, who also are hurt.

What we need is sustained growth without fueling inflation. That's the trick. In the

Q But now, under this administration's program, we have inflation and high unemployment—

A Yes, but there's blame enough to go around with the deficits, the inflation and the interest rate we were facing, we were due for a bust. There's no question that to beat inflation, unemployment would go up. The man who was in office

Now that we have gone through this pain, the temptation is to disregard the budget deficits and go into some kind of public-jobs program. Historically, these haven't done much to decrease unemployment. They feel good—but about all.

Q How low do you expect unemployment to go in the next four or five years?

A Some economists, even in the department, think that because of major changes going on in our economy we should be ready to accept 6 or even 7 percent unemployment. I think that underrates the potential growth of our economy. I'm not sure what that should be, but I find 6 percent personally unthinkable.

Q About the subminimum wage for youth—won't that mean you are throwing more adults out of work?

A Let me try to put it into perspective as I see it. Youth unemployment when the Comprehensive Employment and Training Act was born was about 17 percent. Minority teenage unemployment was in the low 20s—25 percent. And at that time it was called a national tragedy.

Now, after CETA, after 53 billion dollars—obviously all of which was dedicated to helping solve our problem—a substantial amount of it—we find teenage unemployment among minorities at 47 to 50 percent. If we called that a national tragedy, I don't know what words to use now.

The displacement issue has been discussed and debated for years. There's no question that some displacement would occur. You have to make a value judgment about that's a very difficult human area to be in. The fact is this would be a summertime differential only. It would at least mitigate the emotional argument that would not be year-round jobs.

I see the subminimum wage not as the answer because the problem is far deeper than a summertime job. It goes into basic education. I say it's time, in my judgment, that it has to be done.

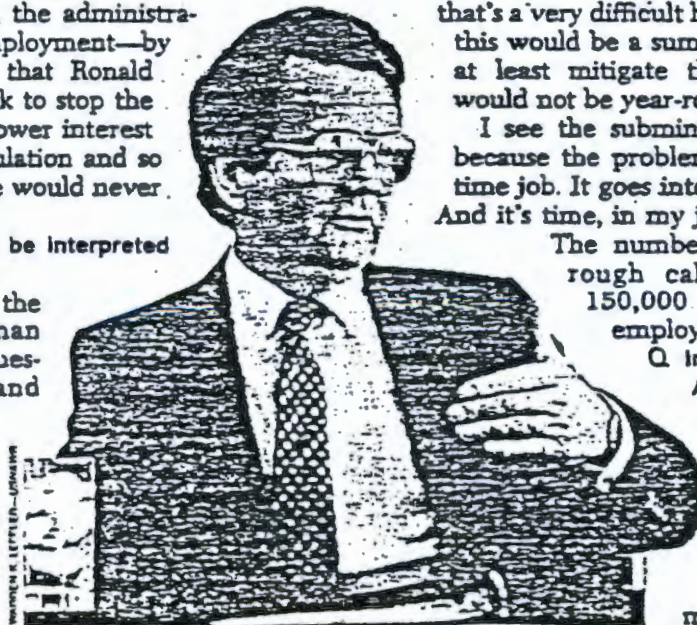
The numbers indicate—and, again, these are rough calculations at this stage—150,000 to 500,000 teenagers could be employed.

Q In one summer?

A Yes.

Q Many people get the impression that the Labor Department has focused on scaling back programs aimed at helping workers—job safety is one example—is that true?

A One of our proudest accomplishments has been changing the Occupational Safety and Health



Secretary Donovan in the magazine's conference room.

Administration from an agency of crime and punishment to one of cooperation with both labor and management.

We often are accused of gutting OSHA, but the record speaks for itself. Last year, lost man-hours and deaths were down dramatically. Some people will say: "Sure. It's because we're in a recession." No. The numbers are real.

We are aiming our resources at the high-hazard industries. There are more than 3 million workplaces that we are supposed to police with 1,200 inspectors. We even won high marks from union leaders in the building trades, one of the most hazardous industries in the country. I think that says something.

Q Is it conducive to safety in the workplace, though, to tell thousands of employers in advance that OSHA is no longer going to come around and check them?

A We have done that only with the very lowest-risk industries: Banks, insurance companies, real-estate agencies and the like. We are trying to marshal our resources for the more-hazardous industries. We still go inspect if there is a worker complaint. But our intent is to make safety in the workplace primarily the responsibility of labor and management working together. If it's abused, we'll come down on them like a ton of bricks.

Q How would you describe your relationship with organized labor?

A It's good in some areas, lukewarm in others. Organized labor is a very broad category.

The favorite question asked is why I don't get along better with Lane Kirkland. Frankly, I've tried, and I'll continue to try. But to have a good relationship, it takes two parties willing to sit down and cooperate or at least discuss our differences. It's been difficult in that area.

Q Do you consider it part of your job to present the views of organized labor within the administration?

A All labor, not only organized labor.

Q Given your chilly relationship with Mr. Kirkland, can you be authoritative in advising the President on how the AFL-CIO might react on various issues?

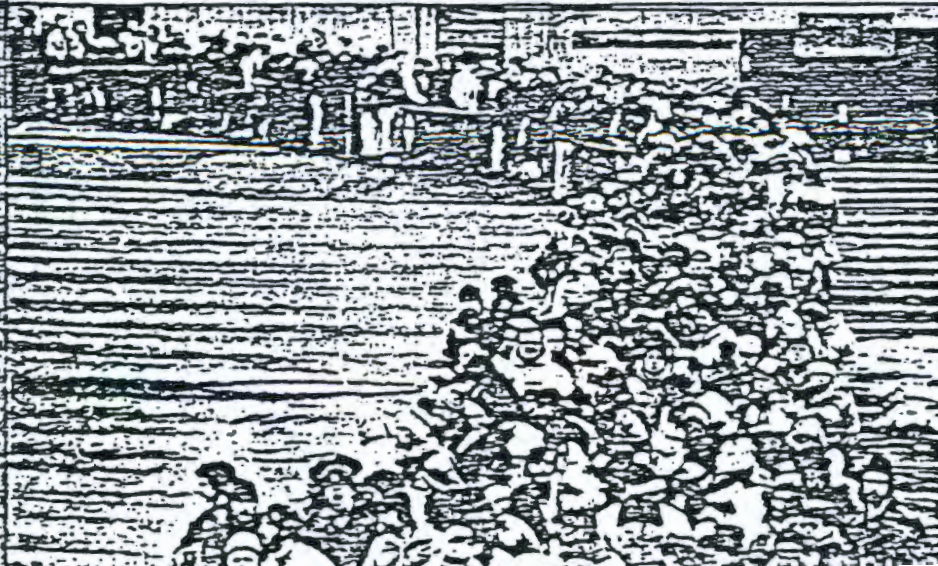
A Certainly. If you look past the two lead players—Lane Kirkland and Ray Donovan—there is communication between the AFL-CIO and the Labor Department every day.

Q Why do you think Kirkland is cold-shouldering you?

A You'll have to ask him. I'll make just one observation: Lane Kirkland wears two hats. He's the head of the AFL-CIO, obviously, but he's a very important factor in the Democratic Party. And when you mix policy and politics, it gets difficult and confusing.

Q If President Reagan runs again, will he have more or less support from the unions than he did in 1980?

About 900 people line up to apply for 30 jobs in Chester, Pa. "Americans would rather have jobs than cash assistance," says Donovan.



A The reasons so many blue-collar Ronald Reagan last time go far beyond involved respect for our nation, the other reasons. The reason they are un- I think, is strictly economic. Once around and the growth begins, in my back. Will labor leaders endorse him?

Q What is the Labor Department doing?

A Law enforcement has been high me give you an example: In fiscal 19 Carter, the department's organized-cr involved in 95 indictments and 71 racketeers. In 1981, under President ments were 183 and convictions were first nine months, the indictments pe tions were 172. So an increase of 86 p ment area and 142 percent in the cor quite a record.

Q What should the government's role ployment discrimination?

A That's another area where we ha lacking commitment. But last year there tive-action compliance reviews than in

I believe in affirmative action. I thi believe in awarding back pay where abt we're suggesting some changes in that

But there are some problems. One the construction industry as an example the Labor Department of 6.9 percent fi in the construction trades. But if we too who are presently in training or appren in all of the trades today, waved a ma "You are all journeymen; come to w would be below 2 percent.

I would like to see some incentives b training programs for women and vetera my logic as a businessman.

Q Many people expected you to resign prosecutor's investigation exonerated you doing so?

A No.

Q What was your thinking at the time?

A My thinking was: What does son through in order to serve his country? V ordeal—being ground into the minds of ple day after day—going to mean to som serve government and will hesitate bec been through?

I was concerned, obviously, for my chi for my business associates. I ma serve, and an awful lot of good people suffered as a result.

Q Even now, some members of you should leave office—that you a to the President—

A I am a political asset to the asset will improve as time goes dent's judgment that is the impo

Q You don't think your troubles dent in any way?

A In this political world, a case that: But I would say to you t decency and integrity and loyal been missed by the American pe

Q What about your ability to fun Labor? That whole period must hav

A I allow myself 5 minutes a c myself. And I continue to do my speaks for itself.

WASHINGTON TALK

NY Times Briefing

Strategy on Labor *Jan 16*

The Reagan Administration openly began a campaign last month to bypass the high command of the A.F.L.-C.I.O. and demonstrate that it had support among individual union leaders who put practical considerations ahead of political differences.

That may explain the rather odd fact that Administration public relations officials have been making much of the fact that Secretary of Labor Raymond J. Donovan will address the annual meeting of the labor federation's Building and Construction Trades Department Tuesday in Hollywood, Fla. The invitation, ordinarily no big deal for a Labor Secretary, was extended by Robert Georgine, director of that department.

Using Vice President Bush, Mr. Donovan and other emissaries to court labor groups, the Administration is operating on the theory that individual union leaders can be won over by policy enticements. Mr. Georgine, for example, eagerly embraced the Administration proposal to raise the gasoline tax to finance highway and bridge construction, a program that promises to benefit his union.

In past three weeks Mr. Donovan has also met with 14 state A.F.L.-C.I.O. officials who are members of the union's Appalachian Council, assuring them that special funds for Appalachian development would not be cut from the 1984 budget, as had been rumored. He has also met with J. C. Turner, head of the Operating Engineers, and with Rich Trumka, president of the United Mine Workers.

"He sought to turn the consumers into the producers for their own needs," Mr. Nader said. "A parallel for our time might be the drive to insulate our homes and increase the use of passive and active solar devices and thus to displace the giant multinational oil corporations."

Mr. Nader saw a different kind of parallel in Gandhi's drive to end the British domination of the production of salt. "This is a little farfetched," he said, "but the tightening of credit today is something like the control of salt in India when it was a part of the British Empire. Today, a lot of people own money, but because of the high interest rates, they don't control it."

Not for Attribution

One of the early results of the new White House policy against news leaks, the slang for unauthorized disclosures, is contradictory information as to who originated the idea. Immediately after the policy was announced last week, one White House official told a reporter, on a not-for-attribution basis, of course, that the architect was William P. Clark, the President's national security adviser.

Now comes a senior White House official to say from the cover of anonymity that Ronald Reagan himself came up with the idea of plugging leaks that he felt were creating the impression of disarray within his Administration. Mr. Clark, this insider said, had urged Mr. Reagan to abandon the idea, telling him repeatedly that it just wasn't possible to freeze this ingrained aspect of Washington life.

VOICE OF THE PEOPLE

Labor secretary defends President's job plan

Washington, D.C.: In criticizing the Job Training Partnership Act, New York Labor Commissioner Lillian Roberts misstates the intent and goal of the legislation and proposes solutions which have proved in the past to be a monumental failure in helping the unemployed. Commissioner Roberts fails to point out that today many workers are being displaced from "smokestack industries" by a high-tech economy and need assistance to adapt their talents to other skills.

That is why the JTPA legislation is so important. For the first time, meaningful instruction coordinated by the states and the private sector will be geared to specific

needs. The goal is real job training, not make-work subsidy. The JTPA legislation also mandated more money for actual training purposes, creating greater opportunities for people and establishing guidelines to streamline services and be cost effective.

President Reagan's program has laid the groundwork for a true, sustained growth during this painful period of transition. Interest rates and inflation are lower, and the rate of government spending has been reduced. It would be folly to discard the cure just as the fever breaks.

Raymond Donovan
U.S. Labor Secretary

U.S. Department of Labor

Office of the Assistant Secretary for
Veterans' Employment
Washington D.C. 20210



March 15, 1983

Honorable Morton C. Blackwell
Special Assistant to the
President for Public Liaison
Room 191 Old Executive Office Building
Washington, D. C. 20500

Dear Morton:

On February 9 a letter was referred to the Assistant Secretary for Veterans' Employment from the White House by way of our Executive Secretariat here in the Department of Labor.

The letter was written to President Reagan by Mrs. Jennifer Pounds, who outlined the problems her husband was experiencing in collecting unemployment insurance benefits and, very importantly, in trying to get another job.


Under Assistant Secretary William C. Plowden, Jr., we have established a priority system for responding to problem referrals of this type from the White House. We have instructed our Regional Directors and State Directors to follow up by telephone either to the veteran or to the person who has written the President on behalf of the veteran.

In this instance, within 15 days after the letter was forwarded to Mr. Plowden's office, the veteran, Mr. William Pounds, began work in a new job. He was hired as a bindery worker at \$4.25 per hour. This was accomplished through assistance rendered to the veteran by the Veterans Employment Service working through the local Employment Service office where we have veterans employment representatives stationed.

The complete file from our national office is enclosed, including a copy of the letter which was written to the President on January 13 by Mrs. Pounds.

I thought you would be interested in this system which we have established for following up when we learn of a specific problem.

Sincerely,


DONALD E. SHASTEEN
Deputy Assistant Secretary
for Veterans' Employment

Enclosures

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

BLACKWELL, MORTON: FILES

Withdrawer

RB 3/21/2011
W

File Folder

DEPARTMENT OF LABOR (3 OF 3)

FOIA

F06-0055/07
POTTER, CLAIRE

Box Number

7

12

DOC Document Type

No of Doc Date Restriction

NO Document Description

1 MEMO

1 3/2/1983 B6

EUGENE WAGNER TO WILLIAM PLOWDEN RE.
WHITE HOUSE CORRESPONDENCE [PARTIAL]

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

U. S. DEPARTMENT OF LABOR
Veterans Employment Service
I.B.E.W. Building, Suite 419
501 Pulliam Street, S.W.

Atlanta, Georgia 30312



DATE: March 2, 1983
REPLY TO: EUGENE R. WAGNER *ERW*
ATTN OF: SDVE - GEORGIA

SUBJECT: White House Correspondence - Mrs. Jennifer Pounds, Husband William Pounds, [REDACTED]

B6
TO: MR. WILLIAM C. PLOWDEN, JR.
Assistant Secretary for
Veterans' Employment

This is in response to a telephone call from Robert Granakis on February 17, 1983, requesting this office to contact Mr. Pounds and assist with 1. unemployment insurance eligibility determination and 2. provide employment assistance.

Mr. Pounds was located through the State Employment Service Computerized Applicant Locator System. Contact was made with his mother since no telephone number was listed in the local directory for the Pounds. Our office made contact with both Jennifer and William Pounds by telephone on February 17, 1983. Mr. Forest Johnson, Manager of the Georgia State Employment Service local office in Augusta, was also contacted in Mr. Pounds' behalf. Mr. Johnson promised to contact Mr. Pounds immediately and offer assistance. Mr. Pounds was called into the local ES office, met with the counselor, referred and began work on Thursday, February 24, 1983. (See attached correspondence)

We are proud to report favorable action on Mr. Pounds' behalf.

Attachments

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

BLACKWELL, MORTON: FILES

Withdrawer

RB 3/21/2011
W

File Folder

DEPARTMENT OF LABOR (3 OF 3)

FOIA

F06-0055/07
POTTER, CLAIRE

Box Number

7

12

DOC Document Type

NO Document Description

No of Doc Date Restriction
pages *tions*

2 MEMO

1 2/25/1983 B6

FOREST JOHNSON TO DON BRYANT RE.
WILLIAM POUNDS [PARTIAL]

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

STATE OF GEORGIA

DEPARTMENT OF LABOR • EMPLOYMENT SECURITY AGENCY • ATLANTA, GEORGIA

INTER-OFFICE MEMORANDUM

TO: Don Bryant
Deputy Director

OFFICE: Augusta

FROM: Forest L. Johnson, Manager ^{-FLJ}
GSES Office

DATE: February 25, 1983

SUBJECT: Follow-up on Mr. Hartwell Morris'
Request - William Pounds -Vietnam
Veteran - [REDACTED]

William Pounds was reached by telephone on Tuesday, February 22, 1983 and an appointment was made to meet with a counselor for Wednesday morning. Mr. Pounds reported as scheduled.
^{2/23}

An application was taken and a referral made to Hall Printing Company. Mr. Pounds was hired and started work on Thursday (2/24/83) afternoon. He was hired as a bindery worker at \$4.25 per hour.

FLJ/rct

cc: Lee Martinovich
Jerry Carter
Hartwell Morris

3/2/83

National office called & sent
letter to Wagoner. There is
National office way to handle
letter to Pres Reagan -

(2)

MAR 10 1983

CONTROL NO. 0169

Mrs. Jennifer Pounds
3551 Apt. 22
Windsor Sp. Rd.
Hephzibah, GA 30815

Dear Mrs. Pounds:

This is in response to your letter of January 13, 1983, to the President, describing the difficulties you and your husband are experiencing in trying to locate employment.

I understand and sympathize with the difficulties you and your husband are experiencing in trying to obtain gainful employment. In order to provide you with prompt and direct assistance, I have requested our State Director for Veterans' Employment in your State, Mr. Eugene Wagner, to contact you as soon as possible and assist you in any way that he can. I know he will do his best to help you. You should be hearing from the State Director soon. Should you wish to contact Mr. Wagner direct, his address and telephone number are:

SDVE Eugene R. Wagner
Veterans' Employment Service
U.S. Department of Labor
IBEW Building, Suite 419
501 Pulliam Street, S.W.
Atlanta, GA 30312
Telephone: (404) 656-3138

I hope this information proves helpful. If I can be of further assistance, please do not hesitate to contact me.

Sincerely,

WILLIAM C. PLOWDEN, JR.
Assistant Secretary for
Veterans' Employment

TVE: GRANAKIS:02/22/83:cjt
cc: Official File/Plowden/Granakis

CONCURRENCES	Initials	✓	<i>WCP</i>	<i>JPA</i>						
	Date	✓	<i>2-23-83</i>	<i>2/24/83</i>						
	Last Name	✓	<i>Granakis</i>	<i>Wagner</i>						
	Office Symbol	✓	<i>OFC</i>	<i>ASVE</i>						

EXECUTIVE SECRETARIAT
WHITE HOUSE BULK MAIL
ROUTING SLIP

ACTION AGENCY: ASVE

DATE FORWARDED TO AGENCY: FEB 9 1983

Instructions:

- 1) This document is referred to your Agency for response. It has not been copied in the Executive Secretariat.
- 2) It is not necessary to provide a copy of your response to this Office.

Should you have any questions please contact Ella Jasper at 523-7662.

Executive Secretariat
FPB - S-2519

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

BLACKWELL, MORTON: FILES

Withdrawer

RB 3/21/2011
W

File Folder

DEPARTMENT OF LABOR (3 OF 3)

FOIA

F06-0055/07
POTTER, CLAIRE

Box Number

7

12

DOC Document Type

NO Document Description

No of Doc Date Restric-
pages tions

3 LETTER

3 1/13/1983 B3

JENNIFER POUNDS TO PRESIDENT REAGAN RE.
EMPLOYMENT

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.