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THE WHITE HOUSE
WASHINGTON

October 10, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

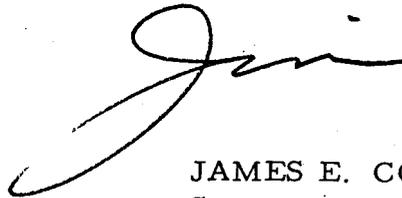
HONORABLE JOHN T. DUNLOP
Secretary of Labor

SUBJECT:

Your Memorandum to the President
of October 7, 1975, Re: Six Months'
Report

The President has reviewed your memorandum on the above subject and the following notation was made:

"Excellent report. He is doing a fantastic job."



JAMES E. CONNOR
Secretary to the Cabinet

cc: Don Rumsfeld

THE WHITE HOUSE
WASHINGTON

October 9, 1975

MR PRESIDENT

The attached is for
your information and will be
handled in a routine manner
unless you indicate otherwise.

*Excellent report
He is doing a fantastic
job!*
Jim Jones

U. S. DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

October 7, 1975

MEMORANDUM FOR THE PRESIDENT

It would seem timely to review briefly the past six months as Secretary of Labor, at your invitation, and to comment on some problems in the period ahead.

More than a third of my time probably has been devoted to issues before the Economic Policy Board, the President's Labor-Management Committee, the Productivity Commission, the grain problem, International Labor Organization (ILO), the construction legislation, and other questions technically beyond the ordinary activities of the Department of Labor with which you are familiar. This memorandum concentrates, accordingly, on Department of Labor activities and problems.

1. Personnel and Internal Management

The most immediate problems of the Department that needed attention, you stated at the outset in March, involved its internal management and quality of personnel. I agreed. There has been considerable headway, I believe, in this area although much more ideally should be done over a longer time frame. The recruitment of high quality people with high standards for an 18-month assured period is both more difficult in some respects and easier in some cases than recruitment for a four-year term.

- Bob Aders has joined the Department as Under Secretary, and I believe he can help to provide the general management talent the Department has been short on for quite some time.
- The top staff of the Occupational Safety and Health Administration (OSHA) has been changed. The addition of Dr. Morton Corn as Assistant Secretary, in addition to Bert Concklin and Marshall Miller as deputies, constitutes a first-rate team of technical and managerial experts. Your reorganization of the OSHA Review Commission with Barneko as Chairman is a constructive step in supplementing our management changes.

- The complex pension reform programs also have had a change in effective leadership, and James Hutchinson in the new position of Administrator is moving to clarify rules in this critical and difficult area. The Pension Benefit Guarantee Corporation, with Steve Schanes as Executive Director, is getting into full operation. A viable working relationship has been established between the three agencies under the legislation -- the Labor Department, the Pension Benefit Guarantee Corporation, and the Internal Revenue Service in Treasury. There are complex and fundamental long-term consequences of this pension legislation.
- You have approved the appointment of Ron James as Wage and Hour Administrator.
- The two top positions in the Office of Federal Contract Compliance Programs (OFCCP) are now vacant and a new management team is being put together for this sensitive and difficult area.

We have worked with Chairman Perry, Judge Tyler, Bob Hampton and Arthur Flemming to improve personal relations and to strengthen coordination among the several EEO agencies by revitalizing the EEO Coordinating Council. The issues before the Coordinating Council, however, are likely to remain very difficult to resolve.

- I am pleased with the high quality and experience of my own immediate staff of John Read (executive assistant and counselor), Dick Lukstat (press and public affairs), Jim Hogue (legislative affairs) and Hank Perritt (economic policy).
- We are in the process of redefining the position of Regional Director in the 10 regional offices. There are two vacancies now and more are expected.

2. Labor Disputes in the Economy

One of the classic problems of a Secretary of Labor has been to avoid being directly involved in labor-management disputes. It is terribly time consuming, tends to undermine the effectiveness of

the Director of the Federal Mediation and Conciliation Service, and facilitates access to the White House for dispute settlement. Fortunately, Bill Usery is absolutely first rate and is Special Assistant to the President. Our two offices work very closely together. He is the last step in any mediation; there is no access to the Secretary or to the White House. These arrangements are fundamental in my view.

I hold a regular luncheon meeting once a month with the Chairman of the National Labor Relations Board (Betty Murphy), the Chairman this year of the National Mediation Board (Dave Stowe), and the Director of the Federal Mediation and Conciliation Service (Bill Usery) to seek to get this group of agencies affecting labor relations to work together on both short-term and longer-term issues.

3. Communications Open to Organized Labor and Management

One of the fundamental assignments of any Secretary of Labor, and one which caused special problems to the last two Secretaries, is the maintenance of open communications at all levels with the AFL-CIO, its constituent unions, and other labor organizations. You placed emphasis on this responsibility in our earliest conversations and in our meeting of April 11, 1975. Easy and effective access in communications, both ways, should be maintained for the President, the Labor Department and for other Cabinet officers when appropriate. I believe such arrangements are in place, although in the year ahead they may become more tenuous.

I have always believed that comparable open communications are essential with management. There are some on the Senate Labor Committee who have suggested privately that such contacts are unnecessary or inappropriate. But I have spent a lot of time building upon very considerable personal contacts with management developed over the years. A basic problem is that management is highly fragmented -- top management and industrial relations, into various associations, confederations (NAM, Chamber, and the Roundtable), by special professions or topics, and by industries. It is always possible to say someone was not consulted. It is easy for managements as a group to avoid responsibility since they do not have to face the hard choices of reconciling conflicting and disparate views among management groups. Moreover, managements then tend to

coalesce around extreme and impractical positions to their detriment. I intend to continue to meet, and have staff meet, informally with a wide cross-section of managements on various issues, both in Washington and around the country.

4. Approach to Regulatory Functions

Twenty-five years ago about one-fourth of the employees of the Department were engaged in regulatory functions. Today, despite the size of manpower programs, half of the 13,800 employees of the Department are engaged in regulatory activities.

In the realm of economic regulations, such as ICC, CAB, etc., the deregulation of price or elimination of restrictions on entry is possible. But in social areas such as OSHA, OFCC, equal pay, etc., the need is primarily for reform of the processes of regulation; deregulations is not likely to be a viable alternative. In the area of social regulation, the scope for reform is in a change in the form, tone and methods of regulation and enforcement. Moreover, social regulation is constricting collective bargaining, and we need to find new ways to make them more compatible.

We are working very hard on means of consultation in standard setting and compliance that deeply involve labor and management and others who must live under the regulations. OSHA is a good example. If the government made one inspection a year of all our workplaces, OSHA would need 75,000 employees compared to the 1500 there are now. We clearly need new alternatives to the course we are on. I feel we are making headway on this vital long-term issue you have highlighted.

5. Legislative and Press Affairs

- In the manpower area two general oversight hearings have been arranged at our initiative to present a comprehensive review of (1) the Employment Service and (2) the Comprehensive Employment Training Act (CETA). We are anxious to set forth in a single presentation the record of these programs and the major problems under the legislation and in their administration.

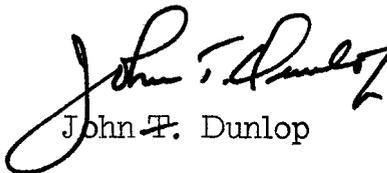
- The subcommittee (Corman-Steiger) of the House Ways and Means Committee has reached agreement on all items of the U.I. proposed legislation, relatively close to your proposals, except for the issue of federal benefit standards, on which the subcommittee is deadlocked. The full committee may consider this issue at the time it considers the subcommittee report.
- I should particularly appreciate your suggestions for improving the legislative phase of our operations, including my own time and effort.
- I continue to seek to maintain good relations with the press in ways with which you are familiar. I would appreciate your advice as to my handling publicly issues important to you.

6. Priorities

- With Bob Aders in the post of Under Secretary, concentrate on the improvement of internal management, and internal employee and labor-management relations. Emphasis should now be placed on the quality of first line supervisors, program officers and mid-level managers.
- Rog Morton and I had the top five officers of both departments to lunch at Labor to establish personal contacts, smooth working relations, and put in place a system of continuing consultation and liaison. This should be done with three or four other departments where operations interact substantially.
- Program areas which need special attention are: OSHA, Pensions, OFCC, Employment Service, CETA, and Labor-Management Services.
- Longer-term structural reform in collective bargaining and industrial relations in several industries -- paper, cement, maritime, coal, construction.
- 1976. There has been a specific discussion with Rumsfeld.

7. Questions

- What suggestions and criticism do you have for improving the quality of our work and to better serve you?
- Would you be willing some time before the end of the year to visit the new Department of Labor building and to meet informally with the Assistant Secretaries and other heads of programs? you indicated at our April 11 meeting that this might be possible.



John F. Dunlop