

No Ford - Dirksen
Press Conference



REPUBLICAN LEADERSHIP MEETING

JUNE 4 - 8:30 a.m.

AGENDA

8:30 - 8:50 a.m.

I. Unemployment Insurance Message

Much like
with H.R. 828

Thursday or Friday (message)

8:50 - 9:20 a.m.

II. Surtax Prospects

Schedule - Thurs/Tues.

No substantive
plus since 1960.

9:20 - 9:45 a.m.

III. Hill-Burton Amendments

Coverage - 4,8 million

Small employers

Large farms

Agri processing

sales & delivery personnel

non-profit institutions

state institutions



Retraining -

Protecting the System

1) minimum weeks of employment

2) N.Y. & Ret. strikes

3) Extended benefits in depression
or recession

treppening / financing

Wage Base - eventually 6,000

Federal Standards - benefit levels. (48 states to act)

44 states 1/2 of pay, except
dollar maximum.

Hope can do within 2 yrs by
States -

DIARY OF WHITE HOUSE LEADERSHIP
MEETINGS -- 91st CONGRESS

June 4, 1969

In the President's absence (Midway trip), the VP presided. Shultz reported on the Unemployment Insurance Message and the draft of the bill. It will be philosophically different from H. R. 8282, which provoked so much controversy in the last Congress. An effort has been made to maintain the traditional federal-state partnership relationship. He explained the bill in six parts:

- 1) Coverage -- extend to 4.8 million, including 1.6 million firms with less than 4 employees; 400,000 larger farms which employ 4 in each of 20 weeks; 200,000 employees engaged in agricultural processing; 200,000 salesmen, deliverymen, etc.; 1.8 million employees of non-profit organizations; 600,000 employees of state hospitals and universities. Other state employees are not covered, but the message contains a strong exhortation for state action. The VP inquired how much this would cost the states. No reply. The VP said that in his opinion all state employees or none should be covered (in order to avoid state administrative problems).
- 2) Retraining -- unemployment benefits must not be denied by states simply because the unemployed workers are involved in retraining. This is designed to encourage the technologically unemployed to acquire new skills and become self-supporting.
- 3) Protecting the system -- two provisions are designed to protect the solvency of the system: first, minimum work required for eligibility must be at least 15 weeks; second, unemployment payments will not be allowed to strikers as they are in New York and Rhode Island.
- 4) Extending duration of benefits -- rather than depending upon special action during times of emergency, a formula



will be written into the basic law which will automatically trigger an extension of benefits. Whenever the rate of insured unemployed (now 2.2%) rises above 4.5% for a period of 3 months, the benefits will be extended for up to 50% of the original entitlement. The extension would "trigger out" whenever the rate falls below 4.5% and the number of unemployed who have exhausted their benefits falls below 1% of those covered.

5) The federal taxable wage base is increased to \$6,000 over a 4-year period (at a rate of 0.4%).

6) Benefit levels -- the bill contains nothing requiring federal standards. However, the message contains some black jack language which hints that unless the states have enacted legislation within 2 years authorizing benefits of at least 50% of former pay, the Federal government will write federal standards.

The VP announced that the message would be available for leadership inspection at noon on Thursday and would come to the House on Friday.

Byrnes reported that Ways and Means would begin consideration of the surtax tomorrow and plan to vote Tuesday. He feels there are enough votes (including 4 or 5 Democrats) to report the bill from the Committee, but it is necessary for the Administration to develop a sense of public urgency. Dirksen was asked about prospects in the Senate. His reply: "We are in no hurry." ~~But~~ Byrnes reminded him that June 30 is the deadline. Prior to that time, the legislation can be characterized as a "phase out" of the surtax. Later, it will be called the "imposition of a new tax" (that is, reimposition of an old tax that has expired). The earliest the bill could reach the House would be June 17 or 18. Some in the House will demand an open rule. The VP asked if this does not mean that it is almost impossible to conclude action before the deadline. Ford said that last year 114 out of 187 voted against the



measure. This year, a Whip check shows 79 for extension; 50 against; 30 undecided; 30 absent. We must have 120 Republican votes and 80 or 90 Democratic votes. Byrnes said that the IRS withholding tables must be in the hands of the printer by next Tuesday and no one knows whether those tables should be based upon the tax liability including a surtax or excluding a surtax. Rhodes suggested that a rider could be attached to the Supplemental Appropriation bill now pending in the Senate to extend the obligation of withholding as though the surtax had been extended without actually extending the surtax. Kennedy said that the printing problem was a procedural problem but the major problem was the impact ~~in~~ action would have abroad. International financiers will assume that the Congress has rejected the Nixon anti-inflation fight, and this will damage the dollar irreparably. Williams said that it is physically impossible to pass the surtax extension and therefore it is prudent to make interim plans. The VP said that we must bring to bear upon the Congress a crash publicity program. Kennedy said that Treasury has concentrated on the House Committee and perhaps neglected the Senate. Morton advocated interim action to approve tax tables, including the surtax. Arends believes it is possible to get between 115 and 125 Republican votes for surtax extension. Ford asked if it is procedurally possible to attach a rider extending current withholding tables to the Supplemental Appropriation bill. Dirksen replied that the Chairman of the Appropriations Committee would have to move to suspend the rules to do so and that this would require a 2/3 vote. Rhodes suggested the need of a bipartisan leadership meeting.

Mayo warned that a new tactic is being developed in the Senate which would reduce the House-imposed spending limitation from \$192.9 billion to \$187.9 billion (exempting uncontrollables). This would create a surplus without the need of a surtax. Unrealistic as this may be, Members of the Senate will make the effort. Harlow said that he will see



the President in California and advise him to call Mansfield, McCormack, Mills and Long and then hold a bipartisan leadership meeting on Wednesday after he returns next Tuesday. Dirksen gave it as his opinion that the tax tables could be extended without extending the tax itself.

Dr. Burns expressed his most grave concern about the failure to extend the surtax. He predicted it will result in the need for new monetary controls which will force the interest rate higher and that this will confront the nation with the potential of a "financial panic." I must say that his words, his tone and his general manner alarmed me more than anything I have witnessed in this area. Ford said that a Republican Conference in the House next week will discuss the urgency of the action. At this point, the VP suggested that it might be wise to explore the possibility of deferring the Unemployment Compensation message. If that message comes down in connection with the crisis about the surtax, our political enemies will say that we have lost control of the fiscal machinery; that we recognize that we have done so; and that we are gearing up for the depression. Kennedy said that it is important not only to take interim action on the tax tables but at the same time to make a massive effort to get the surtax extension bill passed.

The VP started to take up the question of Hill-Burton amendments. I interrupted him to explain that Mr. McCulloch and I were obliged to leave to attend an executive session of the House Judiciary Subcommittee hearings on conglomerates; that the Attorney General is confronted with the need to make a decision about the voting rights legislation before he testifies tomorrow morning; and that it would be helpful if it could be taken out of turn. The VP agreed and the Attorney General explained the new complexion which the Supreme Court decision in the Gaston County case puts upon the voting rights question.

He said that the decision reaches the 15th Amendment, and as a practical consequence, literacy tests are invalidated nationwide. The Gaston County decision held that minority groups, having been denied equal educational opportunities, suffer an unfair disadvantage in their attempts to register if a literacy test is applied. Since northern states which have literacy tests also have a large population of minority groups which have suffered educational inequality in southern states where they formerly lived, northern literacy tests will fall on a case-by-case basis. Therefore, he suggested that the Administration should ask for a statutory abolition of the literacy tests nationwide. This he suggested would fulfill the pledge made by the President during the campaign to extend the application of the Act universally.

Dirksen said that the President need not pronounce on the subject at all but simply take the position that the Supreme Court had repealed literacy tests and thereby made the Act universally applicable. Mr. McCulloch recommended that the Administration ask for a simple 3 to 5 year extension of the Act and treat any reforms in voting frauds in a separate bill. The discussion which followed included comments by Rhodes, Scott, Taft and Hruska. There seemed to be some confusion about who stood where. It was finally suggested that Mr. McCulloch be asked to seek another postponement of the Attorney General's appearance in order to give the Justice Department a better opportunity to study the impact of the Gaston County case.

At that point, Mr. McCulloch and I had to leave, and I was not witness to the discussion concerning the Hill-Burton amendments.

RICHARD H. POFF



No Meeting Scheduled For June 3
Original to GRF with 6 Copies

HOUSE ACTION, PERIOD MAY 27 THROUGH JUNE 2, 1969

Tuesday, May 27, 1969

AGRICULTURE APPROPRIATIONS Continuation

The House passed by record vote of 321 yeas to 50 nays, H.R.11612, to make appropriations for fiscal year 1970.

Prior to passage, the House adopted by a record vote of 224 yeas to 142 nays, the Conte Amendment, limiting subsidy payments to \$20,000 a year.

The House rejected by teller vote of 66 yeas to 91 nays, an amendment to withhold funds for any programs wherein there was non-compliance with title VI of the 1964 Civil Rights Act.

TREASURY - POST OFFICE APPROPRIATIONS

Prior to consideration of H.R.11582, the House adopted by a record vote of 344 yeas to 12 nays, H.Res.424, waiving points of order against section 502 of H.R.11582.

The House by a record vote of 325 yeas to 6 nays, passed H.R.11582, making appropriations for the Treasury and Post Office Departments, the Executive Office of the President, and certain independent agencies, for the fiscal year ending June 30, 1970.

SMITH OF IOWA AMENDMENT - A separate vote was demanded by Steed of Oklahoma on the Smith of Iowa Amendment, limiting subsidies to any distributor of second class mail to \$20,000, and on a record vote the amendment was defeated by 99 yeas to 239 nays, after it had been agreed to earlier in the House by a division vote of 40 yeas to 24 nays.

Prior to passage, the House rejected by voice vote recomnittal motion.

Wednesday, May 28, 1969

By voice vote, the House passed H.R.4204, to amend the War Claims Act of 1948 to include prisoners of war captured during the Vietnam conflict.

The House passed by voice vote, H.Res.425, to provide for transfer of funds within the offices of the Clerk and the Sergeant at Arms of the House of Representatives.



Monday, June 2, 1969

The Consent Calendar was called. There were eight suspensions:

1. H.R.763 - To provide for a study of State laws governing the operation of youth camps, was defeated by a roll call vote of 151 yeas to 152 nays.
2. H.R.2667 - To revise the pay structure of the police force of the National Zoological Park, was passed by voice vote.
3. H.R.692 - To extend the length of time community nursing home care may be provided for veterans, was passed by voice vote.
4. H.R.693 - To provide that veterans 70 years of age shall be deemed unable to defray hospital expenses, was passed by roll call vote of 302 yeas to 3 nays.
5. H.R.2768 - To eliminate the six-month limitation on the furnishing of nursing home care for service-connected veterans, was passed by voice vote.
6. H.R.3130 - To provide that the Administrator of Veterans Affairs may furnish certain medical services, was passed by voice vote.
7. H.R.9334 - To promote the care and treatment of veterans in State veterans' homes, was passed by voice vote.
8. H.R.9634 - To improve the Veterans' Administration program of sharing specialized medical resources, was passed by voice vote.

Tuesday and Balance of Week

H.R.10946 - To promote health and safety in the building trades and construction industry.

H.R.11102 - Medical Facilities Construction and Modernization Amendments of 1969.



Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

The best time to strengthen our unemployment insurance system is during a period of relatively full employment.

The Secretary of Labor is sending to the Congress today proposed legislation to extend unemployment insurance to 4,800,000 workers not now covered; to end the shortsighted restrictions that stand in the way of needed retraining efforts; and to add a Federal program automatically extending the duration of benefits in periods of high unemployment.

There are three principles to be considered as we move to make the unemployment insurance system responsive to our times.

Unemployment insurance is an earned benefit. When a man covered by unemployment insurance is working, the employer pays a tax on his wages to insure against the day when the employee may be between jobs. That insurance is like a mandatory fringe benefit; it is insurance bought in the employee's behalf, and the worker therefore is entitled to the benefits he receives when he is unemployed. Accordingly, there is no demeaning of human dignity, no feeling of being "on the dole," when the insured worker receives benefits due.

Unemployment insurance is one of the foremost examples of creative Federal-State partnership. Although the system was created by Federal law, most decisions about the nature of the program are left to the States, which administer the system with State employees. This makes the system far more flexible and attuned to local needs and special circumstances of local economies.

Unemployment insurance is an economic stabilizer. If, for example the economy were ever to slow and unemployment were to rise, this program automatically would act to sustain personal income. This would help prevent a downturn from gathering momentum resulting from declines in purchasing power. When employment is at a high level, and greater stimulation of consumer demand is unwanted, relatively little money flows into the economy from unemployment insurance.

With these principles in mind, I am making these recommendations for both Federal and State action:

1. We should act together to extend unemployment protection to more employees, including many highly vulnerable to layoffs who are not now covered.

2. The States should make certain that workers throughout the United States receive enough money for a long enough period of time to sustain them while they seek new jobs.

3. We should end the restrictions imposed by almost half the States on payments to unemployed workers undergoing retraining and, instead, follow the lead of those States which encourage retraining.

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4. We should better protect the investment made on behalf of the insured by seeing to it that the funds are paid only to those who should receive them.

5. We should increase the responsiveness of the system to major changes in national economic conditions.

6. We should strengthen the financing of the system which presently discriminates against the low-wage worker and the steady employer.

1. Protecting More Employees

Over 57 million workers are protected by unemployment insurance. However, almost 17 million are not covered; more than half of these are employees of State and local governments. The last extension of coverage was enacted during the Eisenhower Administration, when 6 million additional workers were included; there is a clear social need today to cover as many more employees as we can.

I propose that an additional 4.8 million workers be covered by unemployment insurance. These include:

- 1,600,000 workers in small firms with less than four employees;
- 400,000 on large farms employing four or more workers in each of 20 weeks;
- 200,000 in agricultural processing activities;
- 1,800,000 in non-profit organizations;
- 600,000 in State hospitals and universities;
- 200,000 salesmen, delivery tradesmen, and others who are not currently defined as employees.

These 4,800,000 workers are in real need of protection against unemployment. Many of them are low wage workers with little job security and no prospect of termination pay if they are laid off.

The present gaps in coverage work a disproportionate hardship on minority workers, since a higher percentage of the 4,800,000 are nonwhite, compared to the entire labor force.

To cushion the immediate impact of this extension on employers, I recommend that States be permitted to lower the tax rates on newly covered employers until such time as a record of employment experience can be compiled to determine what their true rate should be.

With the passage of this legislation, the majority of those remaining uncovered will be employees of State and local governments. I urge the States and localities to take action, in the light of their local circumstances, to include their own employees in unemployment insurance coverage.

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2. Making Benefits Adequate

The basic purpose of the Unemployment Insurance Program is to pay weekly benefits high enough to prevent a severe cut in a worker's standard of living when he is between jobs. The principle is generally accepted that it takes at least 50% of the worker's wage to meet this purpose.

Almost every State subscribes to this general principle, but benefit ceilings in their legislation have in fact made this principle largely ineffective, especially for the family breadwinner. At least two out of five claimants currently fail to get a benefit equal to one-half their wages.

In 1954, President Eisenhower recommended to States that they provide a maximum high enough to permit the great majority of covered workers to receive one-half their wages. This means that at least 80% of insured workers should be able to receive a benefit of one-half their wages in unemployed.

Men are most adversely affected by the limit on weekly benefits. In one large industrial State, for example, only 23% of the men receive benefits equal to as much as one-half their weekly wages.

If the program is to fulfill its role, it is essential that the benefit maximum be raised. A maximum of two-thirds of the average wage in the State would result in benefits of 50% in wages to at least 80% of insured workers.

Up to now, the responsibility for determining benefit amounts has been the responsibility of the States. There are advantages in States having that freedom. However, the overriding consideration is that the objective of adequate benefits be achieved. I call upon the States to act within the next two years to meet this goal, thereby averting the need for Federal action.

3. Encouraging Retraining

During the present decade, many manpower programs were launched in the United States. We have seen how unemployed workers can be equipped with new skills and started on new careers. When the decade began, only three States permitted workers who enrolled in retraining programs to continue to receive benefit payments. All the rest disqualified them upon entry into training.

During the early 1960's, many States recognized the potential of training for employment rehabilitation, and by 1969 twenty-five States, plus Puerto Rico and the District of Columbia, had removed such restrictive requirements.

However, twenty-five States continue to discourage retraining by denying benefits to workers in such programs on the theory that they are not "available for work." On the contrary, the workers are trying to keep themselves available by learning new techniques and technologies, and government should certainly stop penalizing them for doing something that government, business and labor all want to encourage.



I propose a requirement that the remaining States permit workers to continue to receive benefits while enrolled in training programs designed to increase their employability.

4. Protecting the Insurance System

We must also be sure that benefits are going only to those people the system is designed to protect. The funds must not be dissipated.

Attachment to the Labor Force. The unemployment insurance system is designed to protect workers whose attachment to the labor force is more than casual. A worker's attachment is measured by both his past employment history and his present situation. He must be ready, willing and able to work and trying to find work while he is claiming benefits; and he must have had at least a certain amount of employment in the recent past. Generally, from fourteen to twenty weeks of work is required, depending on the employment patterns of the State and the minimum duration of benefits.

A few States, however, measure past employment by a flat dollar amount. This discriminates against the low-wage worker, because it means he must work for a longer period to be eligible. Also, it permits other high wage workers to become eligible on the basis of very short seasonal work. I recommend that a standard based on a minimum period of 15 weeks' employment be required as a condition of benefit eligibility, and that no flat dollar amount be permitted as the only yardstick.

Workers on Strike. The unemployment tax we require employers to pay was never intended to supplement strike funds to be used against them. A worker who chooses to exercise his right to strike is not involuntarily unemployed.

In two States, workers on strike are paid unemployment insurance benefits after a certain period. This is not the purpose of the unemployment insurance system.

I propose a requirement that this practice of paying unemployment insurance benefits to workers directly engaged in a strike be discontinued.

5. Improving Responsiveness to Economic Conditions

Difficult times are far less likely to occur in nations that take the trouble to prepare for them. The presence of a strong, anti-recessionary arsenal will in itself help prevent the need for its ever being used.

In normal times, the duration of benefit payments may be adequate. Most State programs now provide around twenty-six weeks of benefits; for the great majority of claimants, this is enough to see them through to another job. However, if the economy were ever to falter, the number of persons exhausting benefits would grow rapidly.

In each of the last two periods of high unemployment, the President proposed, and the Congress enacted, legislation to extend the duration of benefits temporarily. However, while this process was taking place, many workers were without income, and the economy was exposed to sharp declines in personal income due to unemployment.

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I am proposing legislation that would automatically extend the length of time benefits are paid in all States when the national jobless rate of those covered by insurance equals or exceeds 4.5% for three consecutive months. If periods of high unemployment were ever to occur, individuals would receive benefits for an additional period up to 13 weeks; this extension would end when the national unemployment rate of those in the system (currently 2.2%) fell back below 4.5%, and when the number exhausting their benefits in a three-month period dropped below 1% of those covered. These additional payments would be financed out of that portion of the unemployment tax that is now retained by the Federal government.

6. Strengthening and Reforming Financing

We must enable the Federal government to finance its share of the improvements proposed in this message, along with the costs of administering the Employment Security System. In addition, there will be a need to improve the ability of States to finance the higher benefit levels I am urging.

I propose that the taxable wage base be raised over a five-year period to \$6,000 and thereafter be reviewed periodically to make certain the adequacy of financing.

In the majority of States, the taxable wage base for the Unemployment Insurance Tax is the first \$3,000 of wages -- exactly what it was three decades ago. In that same period, average wages in employment covered by the system have increased almost five-fold. The low tax base places obstacles in the way of hiring low-wage workers because a substantially higher proportion of their wage is taxed. In addition, the impact of the tax tends to encourage use of overtime rather than adding workers.

The higher base will have the desirable effect of allocating costs more equitably among employers. Particularly at the State level, overall benefit costs will represent a lower per cent of taxable wages, and allow rates to reflect employer experience more accurately.

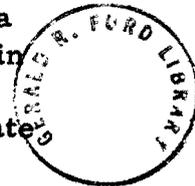
An Anchor to Windward. Unemployment insurance was begun as an answer to the human need for sustenance of the unemployed workingman seeking another job. It was designed to reduce the element of economic panic in job-hunting.

But as we move now to extend that insurance and meet that need more fully, we discover -- not quite by accident -- the bonus of serendipity. Here is insurance purchased through a tax on the employers of America in behalf of their employees that can be a potent counter to a downturn in the business cycle. This proves that well-conceived social legislation can be a great boon to business and to all Americans affected by the state of the economy.

The success of this system can be a great example in the relationship between the States and the Federal government.

The Federal government brought this unemployment insurance system into being -- but the States have rightly adopted it as their own. The Federal government has traditionally established minimum coverage -- but many States have expanded that coverage to fit their own needs.

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Now the Federal-State system of unemployment insurance should move to provide adequate benefits in accordance with the goal that has been set and with full recognition of the diversity of economic conditions among States. Such action is most important to protect the individual and to achieve the anti-recessionary potential of unemployment insurance.

The Federal and State actions recommended will help advance the economy of each State and in protecting the economy of the nation. In human terms, the recommended changes will better enable a worker to weather the adversity of unemployment and to find a suitable job.

I urge that the Congress and the States enact the legislation proposed to carry out these improvements.

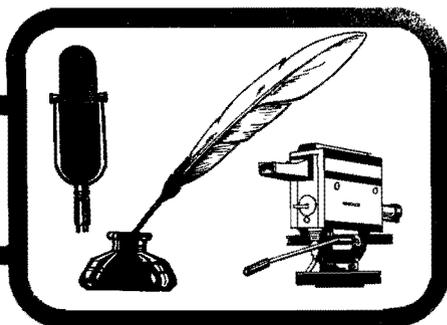
RICHARD NIXON

THE WHITE HOUSE,

July 8, 1969.

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CONGRESSMAN
GERALD R. FORD
HOUSE REPUBLICAN LEADER

**NEWS
RELEASE**

--FOR IMMEDIATE RELEASE--
July 8, 1969

Statement by Rep. Gerald R. Ford, R-Mich., on the President's Message dealing with Unemployment Insurance, July 8, 1969.

President Nixon's proposals to expand, improve and strengthen our unemployment insurance system clearly constitute one of the most important items of legislative business on the agenda of the 91st Congress.

It is vital that we extend unemployment insurance to an additional 4,800,000 workers as recommended by the President and that we provide for payment of benefits during worker retraining and for automatic extension of benefits during long periods of high unemployment.

I expect that these proposals by President Nixon will be relatively non-controversial. The fight, if any, will come over the recommendation that states be given two years to meet the goal of paying unemployment benefits amounting to at least 50 per cent of a worker's weekly wage.

In this connection, it should be remembered that the unemployment insurance system is a Federal-State program. Every attempt should therefore be made to improve the system with the full cooperation of and action on the part of the respective states.

I subscribe to the concept that unemployment benefits amounting to at least 50 per cent of a worker's weekly pay should be paid in every state. In those states where this objective is not being met, injustice is visited upon the unemployed who are eligible for unemployment insurance benefits. Also, employers in that state are given a competitive advantage over employers in other states.

But it would be far better to achieve the 50 per cent objective through federal encouragement than through federal bludgeoning. I therefore feel a grace period is in order.

Enactment of the other Nixon recommendations into law will greatly strengthen our unemployment insurance system and improve the health of the American economy.

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