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Memo w/ attachments	Clinton J. Hill to Marvin Watson (from EX WH 8)	8/9/66	C

FILE LOCATION

LEGISLATION BACKGROUND: Airline Mechanic Strike 7/8-8/19/66, Box 1

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3/16/82

EXECUTIVE

LA1-1/Airlines/Five Carriers Negotiating Committee

FG11-3

LA6/Airlines

Ef

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

July 30, 1966

MEMORANDUM FOR MR. JOSEPH A. CALIFANO

Subject: Attached Comparison of Wayne Morse Board and Final Settlement

The attached is based on my untutored reading of the Morse Board Report, and my understanding of the terms of the settlement.

I do not know whether the wage progression adjustments recommended in 2 stages by the Morse Board are the same as the 1-stage progression involved in the settlement.

Gardner Ackley

Gardner Ackley

RECEIVED
MAR 27 1967
CENTRAL FILES

FROM THE OFFICE OF
SENATOR WAYNE MORSE (D. ORE.)

FOR IMMEDIATE RELEASE
July 25, 1966

The following is the text of the airlines dispute resolution introduced today by Senator Wayne Morse:

JOINT RESOLUTION

To provide the settlement of the labor dispute currently existing between certain air carriers and certain of their employees.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

That (a) the Congress does hereby find and declare that a labor dispute between Eastern Airlines, Inc., National Airlines, Inc., Northwest Airlines, Inc., Trans World Airlines, Inc., and United Air Lines, Inc. and certain of their employees represented by the International Association of Machinists and Aerospace Workers, a labor organization, threatens essential transportation services of the Nation; that it is essential to the national interest, including the national health, safety and defense, that essential transportation services be maintained; that all procedures for resolving such dispute provided for in the Railway Labor Act have been exhausted and have not resulted in settlement of the dispute, including a report and recommendations of the Emergency Board No. 166, a proffer of arbitration and mediation with the parties by the National Mediation Board; further, that the efforts of the National Mediation Board and the Secretary of Labor to settle this dispute have been unsuccessful; and that it is desirable to achieve a settlement of this dispute in a manner which which serves the public interest in economic stabilization and which preserves the free collective bargaining method.

(b) The Congress therefore finds and declares that emergency measures are essential to the settlement of this dispute and to the security and continuity of transportation services by such carriers.

SEC. 2. The period of time provided for in Section 10 of the Railway Labor Act, paragraph 3, during which no change except by agreement, shall be made by the parties to the controversy, or affiliates of said parties, in the conditions out of which the dispute arose, is hereby reinstated and extended, for one hundred and eighty days, effective immediately. During said period of time none of the parties to the controversy, or affiliates of said parties shall engage in or continue any strike or lock out.

SEC. 3. The President shall, at the earliest possible date, appoint a Special Airline Dispute Board which shall engage in mediatory action directed to promoting agreement between the parties. Any such agreement shall provide that the wage settlement provisions be retroactive to January 1, 1966. Notwithstanding any other provision of law, each member of the board shall be compensated at a rate prescribed by the President for each day together with necessary travel and subsistence expenses.

SEC. 4. If the agreement has not been reached within one hundred and fifty days, the Board shall make recommendations to the President, and the President shall advise the Congress, regarding terms or procedures which will assure final settlement of this dispute in the public interest and without further interruption of the continuity of transportation services by these carriers.

SEC. 5. (a) Upon suit by any of the parties to the aforesaid dispute or by the Attorney General the several District Courts of the United States shall have jurisdiction to restrain any violations of SEC. 2 of this Joint Resolution. Whenever it shall appear to the Court before which any proceeding under this Section may be pending, that the ends of justice require that other parties should be brought before the Court, the Court may cause them to be summoned, whether they reside in the District in which the Court is held or not; and subpoenas to that end may be served in any District by the marshal thereof.

(b) In granting an injunction or relief under this section, the jurisdiction of such court sitting in equity shall not be limited by the Act entitled "An Act to amend the Judicial Code, to define and limit the jurisdiction of courts sitting in equity, and for other purposes," approved March 23, 1932 (29 U.S.C. 101-115).

SEC. 6. If any provision of this Joint Resolution or the application thereof is held invalid, the remainder of this Joint Resolution shall not be affected thereby.

Jim Reynolds reports some significant developments in the airline negotiations.

- The Union has made a counterprosal for a wage increase on a 42 month basis. This is the contract period recommended by the Morse Board and marks the first time the Union has moved off its 36 month stand.

- Some progress is being made on subsidiary issues (health benefits, licensing).

The Union, however, is still firmly entrenched in its opposition to the Morse Board's cost of living reopener.

Reynolds has reconvened the parties at 7:30 tonight, after morning negotiations and an afternoon recess.

Reynolds thinks there will be a settlement sometime next week -- but one which will be above the guideposts.

Reynolds also says that Morse's public comments are making the union angry and harder to deal with. He also cites the case of Morse giving "inflammatory" material to Drew Pearson who has been zeroing in on the machinists in his column.

Boards Recommendations on National Issues
in Airline Dispute

1. Retroactivity is granted on wage increases to the "expiration date of last settlement" which means new wage rate becomes effective January 1, 1966.

2. Contract duration of forty-two months from January 1, 1966 is recommended.

3. Cost of living escalator is denied but an unique modified reopener is recommended for January 1, 1968. The union may request a discussion of wages at that time if during 1967 the CPI has been 1% or greater than the average for the five years ending in calendar 1966. If the parties fail to agree on a wage adjustment at that time after thirty days of negotiation, the issue is referred to final and binding arbitration by an arbitrator to be agreed upon by the parties, or failing such agreement to a three man board of arbitrators to be chosen from a panel of seven named by the Secretary of Labor from which either side may reject two. The arbitrator or arbitrators in resolving the issue are to consider not only increases in cost of living but also productivity, profitability, general state of the economy, etc.

4. Progression is modified by dropping the first wage step effective January 1, 1967 and the next to last step January 1, 1968.

5. Wages: Wage increases for Group A, which includes the higher grade employees, are granted 18¢ effective January 1, 1966; 15¢ effective January 1, 1967, and 15¢ effective January 1, 1968 increasing mechanics rate presently $3.52 per hour to $4.00 per hour during final year of contract. Increases for Group B employees on the same effective dates are recommended to be 14¢, 10¢ and 10¢.

6. Vacations: It is recommended effective January 1, 1967 that the period of eligibility for a four week vacation be reduced from twenty years to fifteen years of service.

7. Holidays: An additional holiday on Good Friday is granted effective January 1, 1967 making a total of eight holidays under the new contract.

8. The union's request that the company absorb all present employee contributions to health and welfare plan is denied.

EXECUTIVE
LA6/airlines
LA8
FG11-3

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

July 30, 1966

MEMORANDUM FOR MR. JOSEPH A. CALIFANO

Subject: Pricing of Airlines Agreement

Our pricing of the agreement shows an average annual rate of increase of 4.34% over the period of the contract.

This assumes that the information I have received on the terms of settlement -- partly orally from you -- is accurate.

Jim Reynolds gave me a sheet costing the settlement at $72.8 million. Again, I cannot confirm that this is for the precise final settlement.

Gardner Ackley

Gardner Ackley

EXECUTIVE

LA6/Airlines
FG11-8-1/Califano, Joe

THE WHITE HOUSE
WASHINGTON

July 30, 1966

Mr. Califano:

Clark Clifford called to offer his congratulations for the "outstanding job you did on the airline strike and the wonderful result you were so instrumental in obtaining."

He wants to visit with you sometime, but in the meantime he "appreciates personally the great job you did in bringing the settlement about." He thinks you conducted the whole matter very well and kept the President's alternatives open so that such a successful settlement could be reached.

joe

Nothing else sent to
Central Files as of 4/22/67

AIRLINES (TOPS 28)

WASHINGTON (AP)-PRESIDENT P.L. (ROY) SIEMILLER OF THE STRIKING MACHINISTS UNION SAID TODAY TALKS IN THE 16-DAY AIRLINE STRIKE WERE "FRUITLESS" AND THAT THE STRIKERS WERE DETERMINED NOT TO GIVE IN.

"I NEVER SAW A SITUATION WHERE OUR PEOPLE WERE SO MILITANT," SIEMILLER SAID OF THE 35,000 MEMBERS OF THE AFL-CIO INTERNATIONAL ASSOCIATION OF MACHINISTS, WHO SHUT DOWN OPERATIONS OF FIVE MAJOR AIRLINES.

AS TALKS RESUMED, SIEMILLER SAID HE HAD BEEN RECEIVING MANY TELEGRAMS FROM THE STRIKERS SAYING "DON'T SELL US OUT...STAY IN THERE...HOLD, HOLD, HOLD."

SIEMILLER CONFIRMED THAT THE TALKS WERE GOING NOWHERE EXCEPT IN FLIGHTS OF VERBAL ACCUSATIONS AMONG THE NEGOTIATORS.

ASSISTANT SECRETARY OF LABOR JAMES J. REYNOLDS SAID YESTERDAY THAT THE TALKS WERE BACK ON THE STRIKE ISSUES, BUT SIEMILLER COMMENTED TODAY THAT "HE MAY HAVE BEEN TALKING ABOUT THEM, BUT NOBODY IS TALKING TO US ABOUT THEM."

SIEMILLER SAID THE TALKS HAVE NOT PROGRESSED FURTHER THAN A COUPLE OF DAYS AGO WHEN "WE WERE PLAYING BLACKJACK, THE AIRLINE NEGOTIATORS WERE PLAYING POKER AND REYNOLDS WAS UPSTAIRS WATCHING BATMAN ON COLOR TV."

LT1136AED 7/23/66

A. IMPACT ON TRAVEL

1. Grounding of 150,000 daily passengers
2. 100,000 of above are business travel -- impairs business efficiency, increases costs
3. 50,000 above are pleasure travel -- damage to tourism.
4. About 55%-60% of national air service stopped
5. 17 points have no scheduled service
6. 82.6% of Pittsburgh service is stopped
7. 15 city pairs of over 500 miles apart now have no competitive service

B. IMPACT ON LABOR

1. Number of unemployed nonstriking workers -- probably exceeds 35,400 strikers
2. Loss of wages is about

C. IMPACT ON LOCALITIES (Sen. Holland)

1. Dade County (Fla.) -- $18-$20 million each week
2. Hawaii -- $4 1/2 million each week (Sen. Fong)
3. Chicago, New York, San Francisco -- Convention business off

D. IMPACT ON BUSINESS, ECONOMY

1. Perishables -- flowers, lobsters, fruits, vegetables
2. Repair parts, Lab. animals -- handicap production, services
3. Tie-up of checks in clearance -- hurts effectiveness of monetary system. "Float" is up $570,000 daily
4. $500,000 daily loss in balance of payments -- (Commerce estimate)
5. Carriers losing $50 (?) million weekly

E. IMPACT ON DEFENSE

1. 25%-40% official travel deferred -- continuance will hurt program management

2. Some delay moving personnel from overseas

3. Deferral of some military NG, AFRA training programs by diversion of planes to combat leave. (30%-35% diversion re available flying hours)

4. Increased DOD costs from higher-cost aircraft, greater travel.

5. Inconvenience to service personnel -- morale

6. DOD contractors finding difficulty moving personnel in timely way

F. IMPACT ON MAIL

1. 70% of airmail moved on 5 struck carriers

2. PO has stopped airlift of 1st class mail -- surface transportation means for slower deliveries

3. Airmail encountering delays of 24 hours and above

4. Slight impact on servicemen's mail

5. More delays likely in airmail because non-striking carriers cannot keep extra capacity at current high level

6. Air Parcel Post -- 24-48 hour delay

G. IMPACT ON HEALTH

1. Slow-up in pharmaceutical deliveries (PO)

LE/LA6/airlines
LA6/airlines

COMMITTEE PRINT NO. 2 ~~July 29, 1966~~ August 1, 1966

S. J. RES. 181
IN THE SENATE OF THE UNITED STATES
July 25 (legislative day July 22, 1966)

JOINT RESOLUTION

To provide for the settlement of the labor dispute currently existing between certain air carriers and certain of their employees, and for other purposes.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

That (a) the Congress does hereby find and declare that a labor dispute between Eastern Airlines, Incorporated, National Airlines, Incorporated, Northwest Airlines, Incorporated, Trans World Airlines, Incorporated, and United Air Lines, Incorporated, and certain of their employees represented by the International Association of Machinists and Aerospace Workers, a labor organization, threatens substantially to interrupt interstate commerce to a degree such as to deprive any section of the country of essential transportation services; that such essential transportation services must be maintained; that all procedures for resolving such dispute provided for in the Railway Labor Act have been exhausted and have not resulted in settlement of the dispute, including a report and recommendations of the Emergency Board No. 166, a proffer of arbitration and mediation with the parties by the National Mediation Board; further, that the efforts of the National Mediation Board and the Secretary of Labor to settle this dispute have been unsuccessful; and that it is desirable to achieve a settlement of this dispute in a manner which serves the public interest and economic stabilization and which preserves the free collective bargaining method.

(b) The Congress therefore finds and declares that emergency measures are essential to the settlement of this dispute and to the security and continuity of transportation services by such carriers.

SEC. 2. For a period of 180 days effective immediately the provisions of Section 10, paragraph 3 of the Railway Labor Act shall apply and no change, except by agreement, shall be made by the parties to the controversy, or affiliates of said parties, in the conditions out of which the dispute arose. During said period of time none of the parties to the dispute, or affiliates of said parties, shall engage in or continue any strike or lockout.

SEC. 2. The period of time provided for in section 10 of the Railway Labor Act, paragraph 3, during which no change, except by agreement, shall be made by the parties to the dispute, or affiliates of said parties, in the conditions out of which the dispute arose, may in the discretion of the President be reinstated and extended for such period or periods of time, as may be determined by him upon issuance by him of an Executive Order or orders so providing; provided however that such period of time shall not exceed in the aggregate 180 days. During the period or periods of time referred to in this section none of the parties to the dispute, or affiliates of said parties, shall engage in or continue any strike or lockout.

SHALL

SEC. 3. The President [may, if he invokes the authority granted under

CONSIDER THE

section 2,] appoint a Special Airline Dispute Board which shall [engage in

BACKGROUND AND circumstances of this dispute and endeavor to promote

mediatory action directed to promoting] agreement between the parties. Any such agreement shall provide that the wage settlement provisions be retroactive to January 1, 1966. Notwithstanding any other provision of law, the National Mediation Board is authorized and directed: (1) to compensate the members of the Board at a rate not in excess of $100 for each day together with necessary travel and subsistence expenses, and (2) to provide such service and facilities as may be necessary and appropriate in carrying out the purposes of this Joint Resolution.

SEC. 5. (a) Upon suit by any of the parties to the aforesaid dispute or by the Attorney General the several district courts of the United States shall have jurisdiction to restrain any violations of section 2 of this joint resolution. Whenever it shall appear to the court before which any proceeding under this section may be pending, that the ends of justice require that other parties should be brought before the court, the court may cause them to be summoned, whether they reside in the district in which the court is held or not; and subpenas to that end may be served in any district by the marshal thereof.

(b) In granting an injunction or relief under this section, the jurisdiction of such court sitting in equity shall not be limited by the Act entitled "An Act to amend the Judicial Code, to define and limit the jurisdiction of courts sitting in equity, and for other purposes," approved March 23, 1932 (29 U.S.C. 101-115)

SEC. 6. If, prior to the settlement of the dispute referred to in section 1, a dispute between any other air carrier and its employees shall in the judgment of the President, threaten substantially to interrupt interstate commerce to a degree such as to deprive any section of the country of essential transportation service after all procedures of the Railway Labor Act have been exhausted and have not resulted in a settlement of such disputes, the President

SHALL ISSUE AN Executive Order RECITING SUCH FINDINGS

[may, by Executive Order make any order issued under section 2 applicable to such carrier and its employees;] whereupon the provisions of sections 2, 3, 4, and 5 shall become applicable to such dispute and to the parties thereto as though originally included in such provisions: <u>Provided</u>, That any such agreement referred to in section 3 shall provide the wage settlement provision shall be retroactive to the expiration date of the prior collective bargaining agreement.

SEC. 7. If any provision of this joint resolution or the application thereof is held invalid, the remainder of this joint resolution shall not be affected thereby.

89th CONGRESS
2d Session

S. J. RES. _____

IN THE SENATE OF THE UNITED STATES

August 3, 1966 (6:00 p.m.)

JOINT RESOLUTION

To provide for the settlement of the labor dispute currently existing between certain air carriers and certain of their employees, and for other purposes.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

That (a) the Congress does hereby find and declare that a labor dispute between Eastern Airlines, Incorporated, National Airlines, Incorporated, Northwest Airlines, Incorporated, Trans World Airlines, Incorporated, and United Air Lines, Incorporated, and certain of their employees represented by the International Association of Machinists and Aerospace Workers, a labor organization, threatens substantially to interrupt interstate commerce to a degree such as to deprive every section of the country of essential transportation services; that such essential transportation services must be maintained; that all procedures for resolving such dispute provided for in the Railway Labor Act have been exhausted and have not resulted in settlement of the dispute, including a report and recommendation of the Emergency Board No. 166, a proffer of arbitration and mediation with the parties by the National Mediation Board; further, that the efforts of the National Mediation Board and the Secretary of Labor to settle this dispute have been unsuccessful; and that it is desirable to achieve a settlement of this dispute in a manner which serves the public interest and economic stabilization and which preserves the free collective bargaining method.

(b) The Congress therefore finds and declares that emergency measures are essential to the settlement of this dispute and to the security and continuity of transportation services by such carriers.

SEC. 2. For a period of 30 days effective from the date of enactment of this joint resolution the provisions of Section 10, paragraph 3 of the Railway Labor Act shall apply and no change, except by agreement,shall be made by the parties to the controversy, or affiliates of said parties, in the conditions out of which the dispute arose. During such period of time none of the parties to the dispute, or affiliates of said parties, shall engage in or continue any strike or lockout.

SEC. 3. (a) Within the period of time specified in section 2, the President is authorized, on the basis of the findings of Congress in Section 1 of this Joint Resolution, to appoint a Special Airline Dispute Board which shall thereafter engage in mediatory action directed to promoting agreement among the parties. The provisions of section 2 shall continue to apply during a period of 60 days following the appointment of the Board. At the expiration of said 60-day period, the President is authorized, on the basis of the findings of Congress in Section 1 of this Joint Resolution, and if the Special Airline Dispute Board provided for in this Section finds that the provisions of said Section 1 continue to exist and recommends to the President that the 60-day period be extended, to extend the provisions of Section 10, Paragraph 3 of the Railway Labor Act for an additional 90 days upon issuance by the President of an Executive Order so providing. During the period or periods of time referred to in this section, none of the parties to the dispute, or affiliates of said parties, shall engage in or continue any strike or lockout.

(b) Any agreement among the parties shall provide that the wage settlement provisions be retroactive to January 1, 1966.

(c) Notwithstanding any other provision of law, the National Mediation Board is authorized and directed: (1) to compensate the members of the Board at a rate not in excess of $100 for each day together with necessary travel and subsistence expenses, and (2) to provide such service and facilities as may be necessary and appropriate in carrying out the purposes of this Joint Resolution.

SEC. 4. If an agreement has not been reached thirty days prior to the expiration of the final period of time provided in section 2, the Board shall make a final report with recommendations to the President which shall be transmitted to the Congress by the President, along with a full and complete report of the dispute and his recommendations regarding terms or procedures which will assist in the final settlement of this dispute in the public interest and without further interruption of the continuity of transportation services by, these carriers.

SEC. 5. (a) Upon suit by any of the parties to the aforesaid dispute or by the Attorney General the several district courts of the United States shall have jurisdiction to restrain any violations of section 2 and 3 of this joint resolution. Whenever it shall appear to the court before which any proceeding under this section may be pending, that the ends of justice require that other parties should be brought before the court, the court may cause them to be summoned, whether they reside in the district in which the court is held or not; and subpoenas to that end may be served in any district by the marshal thereof.

(b) In granting an injunction or relief under this section, the jurisdiction of such court sitting in equity shall not be limited by the Act entitled "An Act to amend the Judicial Code, to define and limit the jurisdiction of courts sitting in equity, and for other purposes," approved March 23, 1932 (29 U.S.C. 101-115).

SEC. 6. If, prior to the settlement of the dispute referred to in section 1, a dispute between any other air carrier and its employees shall in the judgment of the President, threaten substantially to interrupt interstate commerce to a degree such as to deprive any section of the country of essential transportation service after all procedures of the Railway Labor Act have been exhausted and have not resulted in a settlement of such dispute, the President is authorized to issue an Executive Order reciting such findings; whereupon the provisions of sections 2, 3, 4, 5, and 7 shall become applicable to such dispute and to the parties thereto as though originally included in such provisions: Provided, That any such agreement referred to in section 3 shall provide that the wage settlement provision shall be retroactive to the expiration date of the prior collective bargaining agreement.

SEC. 7. Nothing in this Joint Resolution shall be construed to require an individual employee to render labor or service without his consent, nor shall anything in this Joint Resolution be construed to make the quitting of his labor or service by an individual employee an illegal act; nor shall any court issue any process to compel the performance by an individual employee of such labor or service, without his consent.

SEC. 8. The Secretary of Labor is hereby directed to commence immediately a complete study of the operations and adequacy of the emergency labor disputes provisions of the Railway Labor Act and the Labor-Management Relations Act. The Secretary is further instructed to report to the Congress by January 15, 1967, the findings of such study together with appropriate recommendations for such amendments to the Railway Labor Act and the Labor-Management Relations Act as will provide improved permanent procedures for the settlement of emergency labor disputes.

SEC. 9. If any provision of this joint resolution or the application thereof is held invalid, the remainder of this Joint Resolution shall not be affected thereby.

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S. J. RES. 181 -- "AN ABSURDITY CARRIED TO AN EXTREME"

There are four fundamental flaws in the Resolution:

1. IT VIOLATES BASIC CONCEPTS OF FAIR PLAY AND EQUAL PROTECTION OF LAW

The Resolution mocks the Constitution. It delegates to the President severe and drastic powers over 35,000 American workers and 5 major airlines without a finding of national emergency, without a single guiding standard, without a single procedural safeguard, and without a provision for any hearing. Such a deprivation of the right to strike is inherently unfair. It raises grave constitutional doubts. The Resolution will settle no dispute.. It will only buy a law suit.

2. IT COULD CREATE A SERIES OF SWEEPING DECISIONS AND CONTROLS

So unrestrained are the powers granted under the Resolution that the President could:

-- Set wages for the workers.

-- Set profits for the airlines.

-- Order one airline to operate on Mondays and Thursdays, one to operate only on Saturdays, and the remaining three not to fly at all.

-- Allow one airline to operate 50 days and another to fly only seven.

-- Determine details of airline operations from timetables to menus.

-- Direct the resumption of work for two hours, for two days, for two weeks, two months, or for six months.

-- Or, on the other extreme, he could do absolutely nothing at all.

3. IT SHIRKS SENATORIAL RESPONSIBILITIES

The Resolution begins with a Congressional "finding" that the airlines dispute "threatens substantially to interupt interstate commerce." It continues with a Congressional "finding" that emergency measures are "essential" to settle the dispute. After these findings one would think that the Resolution would prescribe a carefully conceived and thoroughly debated remedy. But in this case the Resolution stops short. It backs away and says to the President -- "We made the findings. It's your problem now -- you handle it." The Senate cannot abdicate its responsibility so lightly on matters so vital to the public interest. Yet, that is the purpose and intent of S.J. Res. 181.

4. ITS MOTIVATION MUST SERIOUSLY BE QUESTIONED

The Resolution is seriously flawed. It is difficult to imagine so casual an approach to such basic and complex issues -- the right to strike and the right to have labor disputes settled by free collective bargaining in the absence of a finding of national emergency. Because of this have the tactics of ward politics now become the watchwords of the Senate? This must not be allowed to happen.

THE MANSFIELD-DIRKSEN-MORSE RESOLUTION

A SOUND AND SENSIBLE APPROACH TO THE AIRLINES DISPUTE

1. ITS FUNDAMENTAL CONCEPTS ARE FAIR AND WORKABLE --

It will get the planes flying but it will maintain the maximum opportunity for free collective bargaining and settlement through mediation. It will do so without seizure or compulsory arbitration. And it will do so without any of the serious flaws in S. J. Res. 181.

2. ITS STRUCTURE IS PRACTICAL --

There will be a 180 day period in which work would resume while a special airline dispute board, appointed by the President, would consider the background and circumstances of this dispute and endeavor to promote an agreement between the parties. If the agreement has not been reached within 150 days, the board makes recommendations to the President and the President advises the Congress of the terms or procedures which will assure a final settlement in the public interest.

3. IT DOES NOT "PASS THE BUCK" TO THE PRESIDENT --

The Congress makes the necessary findings and prescribes the special procedures. What is involved is basicly an extension of the time tested techniques of the Railway Labor Act, specially tailored to the special circumstances of this case. There is no placing the onus on the President in broad and sweeping terms after a series of preliminary findings. Responsibility begins with the Congress and ends with the Congress.

4. IT EXERCISES RESTRAINT AND PRESERVES TRADITIONAL RIGHTS --

Irritation is high, patience is low. It might be easier and simpler to prescribe a binding and final settlement now. But broader principles are at stake that transcend the immediate case -- the right to free collective bargaining in a free society. This traditional right will be protected by the Mansfield-Dirksen-Morse Resolution and the interests of the public will be served as well.

Fi-0/dg

EXECUTIVE
LA 6/Airlines
FG 11-3

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

August 1, 1966

MEMORANDUM FOR MR. JOSEPH A. CALIFANO

Subject: Pricing of the Proposed Airlines Settlements

Members of my staff have today worked with Lily Mary David of Labor on pricing out the Morse Board recommendation, and the proposed agreement of last Friday night. It appears -- as I indicated might be the case -- that we did not have a completely accurate understanding of the details of last Friday's proposed settlement.

We now have an agreed pricing out of the proposed settlement of last Friday at 4.4% a year (instead of 4.3%). We also have an agreed approximate pricing out of the Morse Board recommendation at 3.5% a year (including creep). (The only pricing out that Miss David had previously done of the Morse Board recommendation used only the wage rate for the top mechanic.)

A simple-minded comparison of beginning and end points for each of the two proposals gives 5.3% a year for last Friday's agreement, and 3.4% a year for the Morse Board recommendation.

Gardner Ackley

Gardner Ackley

J. Foley

EXECUTIVE
LA 6/Airlines
FG 11-3
BE 4/Airlines
CA

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

August 1, 1966

MEMORANDUM FOR MR. JOSEPH A. CALIFANO

Subject: Council Statement on the Proposed Airline Settlement

The acute pressure on the Council to evaluate the proposed airline settlement is now off. Nevertheless, the questions will continue to arise, and have some relevance for congressional consideration of legislation in the airline case. Therefore, we should consider whether the Council should make a statement, and what its content should be.

I recommend that the Council issue a factual analysis of the proposed settlement, and that it deal explicitly and directly with the guidepost issue.

After making clear that the proposed settlement was higher than both the Morse Board recommendation and the guidepost, I would propose to say that the guideposts are still in effect and are still the Administration's policy. However, we have no legal authority to dictate either prices or wage settlements, and that we have had examples of violations of the guideposts on the sides both of prices and wages. Our purpose has been and is to use whatever powers of persuasion we possess to achieve guidepost results. Where we cannot do so, we attempt to get the least inflationary result that we can achieve. In the airlines case, the effort of the Administration was clearly and consistently directed toward obtaining the least inflationary settlement it was possible to achieve. From the rejection by the membership, it is clear that we went as far as we could in this direction -- indeed, further than could be made to stick. We should also make clear that the Administration did not press the airlines to raise their offer in order to get a quick settlement (as the Times has alleged).

I would then go on to refer to the very high productivity gain in the airline industry, and indicate that continued reduction of prices of air transportation services could be expected under such a settlement. I would make clear that the productivity gain in the particular industry is relevant to prices, not wages.

One purpose of making such a statement would be to set right two misconceptions that are beginning to get around:

- That we have now switched from an over-all productivity standard for wages to an industry-by-industry productivity standard (see attached excerpt from today's Wall Street Journal); and

- That we have abandoned the 3.2% guidepost. (Representative Neal Smith, D-Ohio, said in Congress this morning that "the strike had one good effect: the White House finally abandoned its rigid 3.2% guideline for determining what is inflationary.")

Gardner Ackley

Gardner Ackley

Attachment

WALL STREET JOURNAL -- Monday, August 1, 1966

Despite breaking the guidelines, President Johnson said the agreement wouldn't be inflationary because of rapidly-advancing productivity in the airline industry. A recent unpublished Government study of airline industry output per man hour set the annual gain at 6.3%, it was learned. The President also said the agreement was within "the general framework" of the emergency board report.

The Government's acceptance of a settlement beyond the guidelines, and its reasons for that acceptance, are expected to affect labor negotiations in other industries. Some union officials believe the Administration, by relating the settlement to the fast-rising productivity of the airlines, is making the guidelines policy more flexible, by effect if not intent.

The airline settlement "will have an important effect" on coming negotiations between General Electric Co. and several unions, commented David Lasser, assistant to the president of the International Union of Electrical Workers, leader of a coalition of unions preparing to negotiate with GE on contracts expiring in October.

"We have been arguing along these same lines, that it isn't fair to take an average percent and apply it to all industries," Mr. Lasser said. "Application (of guidelines) on an industry-by-industry basis makes good sense. I don't know if that is now (Administration) policy, but that's what happened" in the airlines settlement, he said. Mr. Lasser maintained that GE's productivity has been rising at 8% annually, thus putting that company in a position similar to the airlines.

9/9/66

MEMORANDUM

49

EXECUTIVE
LA6/Airlines

(3)

THE WHITE HOUSE

WASHINGTON

8:20 p.m., Tuesday
August 2, 1966

FOR THE PRESIDENT

FROM Joe Califano

Sid Zagri (the Hoffa man in Washington) has called to say that Hoffa believes he has the settlement formula for three of the nine major machinists locals totalling 15,000 members out of the total membership of 35,000.

Jimmy Hoffa believes you can pull this off if you met all the local union representatives here in Washington. Hoffa claims that he has talked to Curtin and Curtin indicated he would accept this if he were sure the unions would ratify it.

Wm. I pass this along as incidental information. I do not think we should become involved with the teamsters since they are fighting with the IAM for control of these union members. However, once we get through the legislation, you might like to have someone at a low level pursue this on a completely off-the-record basis.

Unless you object, we will follow this course of action.

Approve ✓ ________ Disapprove ________

EXECUTIVE
LA6/Airlines
LA7
FG999

THE WHITE HOUSE
WASHINGTON

August 2, 1966

MEMORANDUM FOR JOE CALIFANO:

Sid Zagri of the Teamsters called concerning the airline strike. He reported on a proposition by Jimmy Hoffa which has been accepted in principle by William Curtain. Zagri suggests the President appoint a committee consisting of each union involved in airline transportation to assist Seimiller in working a minimum demand package which would be acceptable by both labor and management.

You may want to call or have one of your people call Zagri.

James R. Jones

Andrew

Rec'd /[illegible]

OFFICE OF
ASSISTANT ATTORNEY GENERAL

EXECUTIVE
LA6/Airline
FG 135
LA 1
8/2/66.

Joe:

Delivered as per AG's instructions.

If you wish to reach me, I shall be home after 8 P.M. — OL 6-6854

John Douglas

ALTERNATIVE I

SEC. 2. The period of time provided for in Section 10 of the Railway Labor Act, paragraph 3, during which no change, except by agreement, shall be made by the parties to the dispute, or affiliates of said parties, in the conditions out of which the dispute arose, is hereby reinstated and extended for ninety days, effective immediately. During said period of time none of the parties to the dispute, or affiliates of said parties, shall engage in or continue any strike or lockout.

SEC. 3. The President may, if he finds that such action would serve the public interest, appoint a Special Airline Dispute Board which shall engage in mediatory action directed to promoting agreement between the parties. The appointment of such a Board shall extend the period of time referred to in section 2 an additional ninety days. Any such agreement between the parties shall provide that the wage settlement provisions be retroactive to January 1, 1966. * * *

SEC. 4. [Substitute "the additional period of time provided for in section 3" for "the final period of time which the President has ordered pursuant to section 2" in lines 3 and 4.]

SEC. 6. [Omit "any order issued under" in line 7.]

ALTERNATIVE II

SEC. 2. The period of time provided for in section 10 of the Railway Labor Act, paragraph 3, during which no change, except by agreement, shall be made by the parties to the dispute, or affiliates of said parties, in the conditions out of which the dispute arose, is hereby reinstated and extended for ninety days, effective immediately. If at the expiration of said period the President finds that the dispute has not been resolved, he shall by Executive Order extend such period for an additional ninety days. During the period or periods of time referred to in this section none of the parties to the dispute, or affiliates of said parties, shall engage in or continue any strike or lockout.

SEC. 3. [Omit "if he invokes the authority granted under section 2".]

SEC. 6. [Omit "any order issued under".]

T-om/BB

EXECUTIVE

EXECUTIVE OFFICE OF THE PRESIDENT LE/LA 6/Airline
BUREAU OF THE BUDGET LA6/Airlines
WASHINGTON, D.C. 20503

AUG 3 1966

MEMORANDUM FOR MR. HENRY WILSON

Subject: Airline dispute settlement bills

This is an addendum to my memorandum to you of August 2 on the subject.

The two bills introduced by Representative Dorn (H.J.Res. 1250) and Representative Long (Maryland) (H.J.Res. 1251) fall into "category II" as described in my August 2 memorandum. Copies of the bills are attached.

Also attached is a copy of S.J.Res. 186, which was reported by Senator Clark from the Committee on Labor and Public Welfare on August 1. It is similar to the category II bills but places the decision to extend the cooling off period of section 10 of the Railway Labor Act for a period or periods of time up to 180 days in the President. It also makes the appointment of a special airline dispute board to mediate a matter of discretion for the President. Finally, it provides for the folding into this settlement procedure of any other airline dispute which occurs prior to the settlement of the current dispute and concerning which the President makes the prescribed findings.

Wilf Rommel

Wilfred H. Rommel
Assistant Director for
Legislative Reference

Enclosures

2/13/10

EXECUTIVE
LA 6/AIRLINES

STRUTHERS RESEARCH AND DEVELOPMENT CORPORATION

SUITE 1106 — 1700 K STREET, NORTHWEST

WASHINGTON, D. C. 20006

GEORGE E. REEDY
PRESIDENT

TELEPHONE
223-2240

August 3, 1966

PERSONAL

The President
The White House
Washington, D. C.

Dear Mr. President:

The real problem with the legislative situation on the airline strike is that no good bill could possibly be enacted at this time. Whatever legislation is passed of necessity will engender antagonisms that will last for a number of years and, unless Congress is willing to go to compulsory arbitration, nothing can be gained except a postponement of the strike.

The experience with compulsory arbitration out of the railroad strike a few years ago is not calculated to make this an attractive alternative.

Under these circumstances, an extraordinary solution must be sought. Some way must be found to get the airlines dispute out of the governmental area and back into an atmosphere which bears at least a resemblance to private collective bargaining procedures. This might be possible if George Meany is willing to perform an act of great labor statesmanship.

I would suggest that you send a tactful emissary privately to Mr. Meany (an emissary in whom he has confidence) to propose to him that he intervene directly in the strike. He should propose that the parties to the dispute voluntarily agree to mediation (arbitration would be preferable but this is very unlikely) by a three-member panel; one man selected by the Executive Council of the AFL-CIO; one man selected by the governing board of the Air Transport Association; and one man selected by the Executive Council of the AFL-CIO from a list submitted to them by the Air Transport Association (or vice versa).

PERSONAL

The mediation period would have a time limit of thirty days and during that period the machinists would agree to go back to work under an extension of their expired contract.

The advantages of this arrangement from the standpoint of the parties in conflict would be that it would return collective bargaining to the private sector where it belongs. The advantage of this arrangement from Mr. Meany's standpoint would be that it would cool off public heat and permit Congress to consider the problem in a more reflective mood and perhaps head off labor legislation altogether (in my judgment there has not been a good labor bill in twenty-eight years). The advantage of this arrangement from the standpoint of Congress is that it would enable that body to avoid another foray into the field of collective bargaining (where it always gets into trouble.) The advantage of this arrangement from the standpoint of the public is that it is more likely to result in a settlement that won't leave festering wounds.

The mediators, of course, would not be able psychologically to go below the terms rejected by the machinists over the weekend. But that is about the only boundary they would have to observe. And now that the Union members have gotten a "no" vote out of their system, they would probably settle for a very slight upward adjustment or for a proposal that would move some of the contract benefits slated for 1967 and 1968 back to 1966.

All of this would have to be handled entirely as an initiative coming from Mr. Meany. Therefore, the selection of an emissary would be extremely important. Mr. Meany, in turn, would have to make extraordinary efforts to persuade Siemiller and the airlines to go along. This is a solution that would be extremely difficult to attain but it is about the only way I can see that this affair can be ended without great rancor and bitterness that will persist for years to come. And, at this moment, there is no other worthwhile objective that can be achieved.

Sincerely,

George

George E. Reedy

EXECUTIVE
LA6/airline
FG160

1966 AUG 3 PM 7 01

WA272 PD

WUX CD NEW YORK NY 3 425P EDT

THE PRESIDENT

THE WHITE HOUSE

PUBLIC CITIZENS ACROSS THE COUNTRY LOOK TO YOU FOR POSITIVE LEADERSHIP AND ACTION WITH RESPECT TO THE AIRLINE STRIKE AS WELL AS THE UNCONSCIONABLE INCREASE IN LABOR COSTS AND COSTS OF LIVING WITHOUT EFFECTIVE GOVERNMENT ACTION

CLIFFORD F HOOD UNITED STATES STEEL CORP.

UNITED STATES DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY

Joe

Per your conversation with Bill Wirtz.

[signature]

RECEIVED
AUG 10 1966
CENTRAL FILES

MEMORANDUM

EXECUTIVE

LA6/airlines

THE WHITE HOUSE

WASHINGTON

10:15 p.m., Thursday
August 4, 1966

FOR THE PRESIDENT

FROM Joe Califano

Staggers' staff man has informed Bill Wirtz that the Committee anticipates extensive hearings. The hearings would include testimony by Wirtz tomorrow, Williams Curtin at a subsequent date, and then Siemiller, T. L. when he returns from Chicago. In addition, the staff man reported that Meany had requested an opportunity to testify and implied that other labor leaders would also be heard. This is consistent with Joe Bierne's call to me that he had Staggers committed to extensive hearings. Wirtz and I believe that as soon as the carriers recognize the hearings may be extensive, they will settle at a fairly high level.

On the broader problem, we talked to David Ginsburg tonight. He suggests as one possibility a price filing bill, modeled after the Taft-Hartley 80-day cooling off period, whereby businessmen in economically strategic industries would be required to file proposed price increases with the Board and then wait 80 days while the Board studied the price increase and made some public recommendations with respect to it.

There is no question in my mind but that your advisers are deeply concerned about the economic problem. It is also clear that they need some time to think it through. For example, Wirtz called tonight and suggested that about a half-dozen of us go to Camp David or Airlie House after the wedding Saturday and spend the weekend kicking ideas around.

(19)

EXECUTIVE

PR 4/ ST 21

LA 6/Airlines

HARVARD UNIVERSITY
Cambridge, Massachusetts 02138

Richard E. Neustadt
Professor of Government

127 Littauer Center

5 August 1966

The President
The White House
Washington, D.C.

Dear Mr. President:

Last Saturday I was full of cheer -- for in the two areas where I have had the chance to do some things for you I'd received enthusiastic reports about the work you'd just accomplished. Francis Bator called to tell me how smoothly things had gone with Harold Wilson and David Ginsburg had called to fill me in on the extraordinary job you'd done in getting Siemiller to settle with the airlines.

So I was all set to send you a warm letter of respectful congratulations.

You still deserve it even though about all I can say, in light of what happened on the airlines settlement, is to tell you how distressed I am about it all for your sake.

I wish I knew how to be constructive! The least I can do is let you know how much I respect your own efforts in this whole affair -- and how much I support you in them.

Which doesn't do <u>you</u> a damn bit of good but it makes me feel better to tell you so.

Respectfully,

Dick

Richard E. Neustadt

Nothing else sent to
Central Files as of 8/30/66
L.W.

HARVARD UNIVERSITY

Cambridge, Massachusetts 02138

RICHARD E. NEUSTADT 125 LITTAUER CENTER

5 August 1966

Dear Juanita:

Would you pass the enclosed to the President at his and your convenience?

Incidentally, thank him for those attractive pictures of his session with the Morse board last June. I framed and hung them with pleasure but I'll have to admit that just now I've got them draped in black.

Warmly,

Dick

Richard E. Neustadt

Mrs. Juanita D. Roberts
Personal Secretary to the President
The White House
Washington, D.C.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

C. F.

WH10
FG140
LA6/airline
CO312
FG160
CO92
CO305

August 5, 1966
Friday - 4:20 p.m.

~~CONFIDENTIAL~~ MEMORANDUM FOR THE PRESIDENT

SUBJECT: Staff Meeting, Friday, August 5, 1966, 8:30 a.m. PL2

The following is a summary of the discussion of the agenda:

1. Postmaster General O'Brien discussed the President's position on legislation relating to the airline strike -- that the President had not asked for legislation, nor suggested legislation; and that Secretary Wirtz's testimony before the Senate and House committees summarized this position and gave facts concerning the strike.

2. Messrs. Wilson and Manatos reviewed pending legislation, pointing up the need for fast action on key pieces of legislation, because of delays occasioned by considerations of the airline strike.

3. Robert Komer reviewed the method and details of the upcoming election in South Vietnam. Postmaster General O'Brien and I emphasized the importance, in public understanding, that the election be explained comprehensively and accurately.

4. Francis Bator appraised the visit of Prime Minister Wilson and gave the background on the British economic retrenchment and problems of troops east of the Suez and in Germany.

5. I pointed out the possibility that the President might be traveling periodically for the rest of the year and that I have Messrs. Hardesty and Sparks working on outlines for talks relating to education, housing, space, conservation and health, the economic situation, etc., and that the help of the Assistants would be needed on these speeches if the President decides to make them, and that I should appreciate if the Assistants would give suggestions for speeches.

Doug Cater felt that the President should discuss the desirability for a Constitutional amendment to permit 18-year olds to vote. There seems to be divided opinion on the advisability of such a a proposal now, in the closing days of Congress. Harry McPherson, particularly, was negative on this approach.

6. Joe Califano summarized the steel companies' actions to raise prices and the lack of readily available government methods of stopping such price increases. Califano also reiterated what the Postmaster General said regarding the President's position on legislation relating to the airline strikes.

The following Staff Members were in attendance:

Watson	Jacobsen
Cater	Califano
Komer	McPherson
Semer	Bryant
O'Brien	J. Moyers
Christian	Bator
Wilson	Manatos
Sparks	Hardesty

Robert E. Kintner
/s/

STAFF MEETING, FRIDAY, AUGUST 5, 1966
ATTENDANCE:

Bill Moyers -	possibly
Marvin Watson -	yes ✓
Jake Jacobsen -	yes ✓
Doug Cater -	yes ✓
Joe Califano -	possibly ✓
Walt Rostow -	no
Bob Komer -	yes ✓
Harry McPherson	yes ✓
Milt Semer -	yes ✓
Governor Bryant	yes ✓
Barefoot Sanders	no
Larry O'Brien -	yes ✓
James Moyers -	yes ✓
George Christian	yes ✓
Francis Bator	yes ✓
Henry Wilson ✓ -	yes (see attached)
Mike Manatos ✓ -	yes ✓

Mr. Christian was the only staff member with suggestions for the Agenda. He said that he would like to have Mr. Califano or someone with some background discuss the airline strike, the steel crisis, etc. He said that with all of the activity the majority of the staff members are not too well informed on the latest developments in the situations.

(1)
O'Brien.
Airline - [illegible] - Senate - House? [illegible] - wait.
Senate [illegible] - Labor Day - [illegible] Sept. - Nov. - [illegible]
Bator - Wilson - [illegible] Vietnam [illegible]
Komer - [illegible] 600 - [illegible] 40% - [illegible]
Cater - 18 yr old - [illegible] McPherson - no.

[illegible]

2

[illegible]

HW = question who rules. JF [illegible]

Commission – politically appealing. –

Baldwin disproportionate – [illegible] [illegible].

J.C. – no tools of steel – nothing being taken. Very well treated by Black. – [illegible] happy. How a fact. Fact.

J.C. – repeat by order. – no penalties. for Congress to decide compulsory arbitration [illegible] – better Pres Clark [illegible] – legal & [illegible] 3 – None – [illegible] probably No 3. <u>but</u> no emergency – no approaching emergency & No nat'l security, no health = no strike

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

August 4, 1966

TO: Bob Kitner

FROM: Henry Wilson

I'll be there.

No suggestions about agenda but I'll talk about legislation if that's helpful.

FROM THE OFFICE OF
SENATOR WAYNE MORSE (D., ORE.)

FOR IMMEDIATE RELEASE
FRIDAY, AUGUST 5, 1966

LE/LA6/Airlines

LA6/airlines

Senator Wayne Morse, Democrat, Oregon, issued the following statement today:

"Yesterday, during the debate in the Senate on the airline dispute legislation, I reported to the Senate a telephone conversation I had had with the Secretary of Labor, Mr. Wirtz. In that conversation, I advised the Secretary of Labor that I thought it was desirable that it should be made clear on the floor of the Senate what his position was, as the witness for the Administration, concerning the Administration's position with regard to legislation dealing with the airlines strike.

"The Secretary of Labor authorized me to state to the Senate, and I so stated that 'he thought he had made clear when he was before the committee that although the administration is not taking any position one way or the other with regard to the passage of legislation, if the Senate is to pass legislation, the Secretary of Labor would favor the Morse bill.'

Later, in my speech and just before the vote was taken, I said to the Senate, 'Mr. President, as I announced a few minutes ago, when some Members of the Senate were not present, the Secretary of Labor talked to me within the hour and authorized me to make the following statement to the Senate in his public capacity as the administration's official witness in this case...He said the position of the administration continues to be that it neither asks Congress to pass legislation nor does it ask Congress not to pass legislation. If the Congress in its wisdom decides to pass legislation, I am authorized to inform the Senate that it prefers the Morse resolution, which is the bipartisan resolution pending.'

"Last night, August 4, the Secretary of Labor, Mr. Wirtz, issued the following press release:

"'There was reference today during the Senate debate on proposed airline dispute legislation to my position on the proposals before the Senate.

I have made no statement differing in any respect from the position taken at the Senate Committee hearing on August 1.'

"Unfortunately, the Secretary of Labor's press release left the impression with many newspapermen, who have queried me today, that my statement on the floor of the Senate was inaccurate and placed the Secretary of Labor in a different position than that which he took as the Administration's witness before the Labor Committee.

"My statement on the floor of the Senate was an accurate reporting of my conversation with the Secretary of Labor. Further, the Secretary of Labor's statement to me over the telephone was completely consistent with the administration's position as reported by him when he testified before the Labor Committee.

"The final draft of the Morse Resolution, as submitted to the Senate, was not before the Senate Labor Committee at the time Secretary of Labor Wirtz testified. However, the basic principle of the final draft which was before the Senate at the time of my telephone conversation with Secretary Wirtz was exactly the same as the Morse Resolution which was before the Labor Committee at the time of the hearing, namely, that the Congress should vote to end the strike by extending the time period of the Railway Labor Act, and auch an ending of the strike would become effective if, as and when the President signed such a joint resolution.

"In the Committee hearing, Secretary Wirtz made clear that the Administration was not asking the Congress to pass legislation, nor was it asking the Congress not to pass legislation. I think he also made clear that if the Congress, in its wisdom, did pass legislation, he, as Secretary of Labor, speaking for the Administration, would prefer the Morse Resolution in contrast to the one finally recommended by the Committee which sought to pass the responsibility for ending the strike to the discretion of the President.

"The statement Secretary Wirtz made to me over the telephone yesterday left no room for doubt that that was the position of the Administration, and I so reported to the Senate.

"Today, I was advised by an authorized spokesman for the Administration at the White House that the statement I made on the floor of the Senate yesterday was an accurate statement of the Administration's position.

"In fairness to the Administration, to Secretary Wirtz and to myself, I am issuing this release for the information of those newspapermen who have questioned me today."

####

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

August 8, 1966

TO: Juanita Roberts

FROM: Clifford L. Alexander, Jr. CA

The attached letter to the President, from Governor Charles L. Terry, Jr. of Delaware, dated July 28, 1966 thanks the President for the copy of the Department of Defense Cost Reduction Program, which was sent to him.

The second attached letter to the President, from Mayor Robert King High of Miami, Florida, the Democratic nominee for Governor of Florida, dated August 4, 1966, thanks the President for the opportunity to meet with him on August 3rd and encloses a clipping of the President's visit with the Mayor and his daughter.

Attachments

Holly HIGH

Rose Allegato

EXECUTIVE

PL/ST9

LG/Miami

FG 11-8-1/Watson, Marvin

LAB/Airlines

PR8-1/H

PR8-1/H

PU2-2/H

ST9

(2)

Nothing else sent to Central Files as of 8/15/66

High Huddles With LBJ

By ROSE ALLEGATO
Of Our Washington Bureau

WASHINGTON — Robert King High and Lyndon Johnson talked about little girls, politics, and Florida for 20 minutes at the White House Wednesday.

It was the highlight of a busy day in Washington for the man who is the Democratic nominee in the Florida gubernatorial race.

High said his visit with the President was unscheduled. He went up to the White House to see Marvin Watson, an LBJ aide, and found himself with LBJ.

Tagging along was High's daughter, Holly, 11 and diminutive. She's the one who touched off the little-girl talk.

The President, introduced to the excited and nervous Holly, said he was pleased to meet her. Then he added that he had had two girls too and he knew all about little girls.

High, clearly reluctant to be too specific about his 20-minute visit with the President, talked in general terms.

But, pressed, he admitted politics did come up.

The President asked him how things were going, and High told him "fine."

They also chatted about the airline strike.

"He is concerned and is aware of Florida's concern," High said.

They also talked about federal programs that can apply to Florida and how to best coordinate them.

"I expressed my desire to have good coordination of those poograms in Florida's interest," High said.

During his whirlwind day, High also touched bases with Sens. Spessard Holland and George Smathers, and also former Gov. Farris Bryant, now director of the Office of Emergency Planning.

Bryant, High said, was helpful in arranging contacts with an array of people he wanted to see on Florida problems. The biggest reason for his trip, High said, was to present Florida's views on a proposal to abolish citrus tariffs. High said if the tariffs were wiped out, Florida's citrus industry would be hurt by the influx of foreign fruit.

Holland, the conservative Florida senator, once again assured High of his "100 per cent" support in the governor's race, High said.

High, who came up by private plane, left Wednesday night.

City of Miami, Florida

ROBERT KING HIGH
MAYOR

August 4, 1966 (1)

CA

The Honorable Lyndon B. Johnson
The President
The White House
Washington, D.C.

My Dear Mr. President:

Please know that I appreciate very much having the opportunity to meet with you yesterday and discuss matters of mutual concern and interest.

Your meeting with one of my little girls was a memorable experience.

I have enclosed a copy of Rose Allegato's story covering our visit.

Respectfully,

Robert King High

Robert King High

File

City of Miami, Florida

ROBERT KING HIGH
MAYOR

August 4, 1966

Mr. Marvin W. Watson
Special Assistant to the President
The White House
Washington, D.C.

Dear Marvin:

I appreciate very much the opportunity of having some time with you yesterday and receiving such good counsel with reference to my race here.

My meeting with the President was excellent and I think the Florida news coverage was fine. I have enclosed a copy of Rose Allegato's article.

I would appreciate your following through at your convenience on obtaining the book we spoke of and sending it to me at my home, 2131 South Bayshore Drive, Miami.

Again, thank you for a very fine meeting.

Warmest regards.

Sincerely,

Bob

Robert King High

EXECUTIVE

PL
FG440
LG/Miami
FG11-8-1/Watson, Marvin

June 22, 1966

Dear Mayor High:

I appreciate your calling while you were in town yesterday and will look forward to visiting with you as you suggest.

Best personal regards,

Sincerely,

Marvin

W. Marvin Watson
Special Assistant
to the President

The Honorable Robert King High
Mayor
The City of Miami
Miami, Florida
WMW:MJC:cfc

(W)

THE WHITE HOUSE
WASHINGTON

June 21, 1966
6:14 p.m.

Mr. President:

Mayor High called and says he will be back in Washington in the next week or ten days. At that time he wants to bring a better phrased letter, giving full endorsement to the President and Vice President for 1968.

I told him I would be happy to see him any time he is in town. He said he will call me.

Good —

Marvin

[illegible]

Original to Mrs [illegible]

From Chairman Staggers
Holly

EXECUTIVE
LA6/Airlines
FG 411/I+
FG 412)
I.E

SUMMARY OF HEARINGS ON S. J. Res. 186

BEFORE HOUSE INTERSTATE AND FOREIGN COMMERCE COMMITTEE

TO DATE

Hearings began with Secretary Wirtz and Assistant Secretary Reynolds on Friday morning, August 5, ending at 12:00 noon. Hearings continued Saturday morning with questioning of the same two witnesses.

In general, Secretary Wirtz testified that the Administration takes no position on the legislation, but asked that whatever the Congress do, it do quickly, since meaningful negotiations have pretty well stopped pending Congressional action.

Hearings began again this morning at 10:00 A.M., with Mr. P. L. Siemiller as witness, ending shortly after 12:00 noon. Mr. Siemiller testified generally that if it were not for the possibility of legislation, the carriers and union would arrive at an agreement very quickly, since both sides are hurting. He stated that the Secretary of Labor had been helpful in negotiations, and although stating his own disagreement with the "Guidelines" for wage settlements, refused to state that these guidelines had been a stumbling block in negotiations, but said the carriers could answer this question better than he.

...A.M., for completion of the ...obably take about an hour ...he carriers will be heard. ... Curtin, the hearings will ...g.

File

August 8 - 7:45 p.m.

Mr. President:

The attached was handed to me by Speaker McCormack. The Speaker reported this was from Chairman Staggars re hearing this morning on the airlines strike.

John

Marvin

Immediately upon completion of questioning of Mr. Curtin, the committee will go into executive session to consider the legislation.

From Chairman Staggers

SUMMARY OF HEARINGS ON S. J. Res. 186

BEFORE HOUSE INTERSTATE AND FOREIGN COMMERCE COMMITTEE

TO DATE

EXECUTIVE

LE/LA6/Airline

FG 411/I*

LA6/Airline

Hearings began with Secretary Wirtz and Assistant Secretary Reynolds on Friday morning, August 5, ending at 12:00 noon. Hearings continued Saturday morning with questioning of the same two witnesses.

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Hearings began again this morning at 10:00 A.M., with Mr. P. L. Siemiller as witness, ending shortly after 12:00 noon. Mr. Siemiller testified generally that if it were not for the possibility of legislation, the carriers and union would arrive at an agreement very quickly, since both sides are hurting. He stated that the Secretary of Labor had been helpful in negotiations, and although stating his own disagreement with the "Guidelines" for wage settlements, refused to state that these guidelines had been a stumbling block in negotiations, but said the carriers could answer this question better than he.

Hearings resume tomorrow, at 9:00 A.M., for completion of the questioning of Mr. Siemiller, which will probably take about an hour and a half; then Mr. Curtin, representing the carriers will be heard. If necessary to complete questioning of Mr. Curtin, the hearings will continue Tuesday night and Wednesday morning.

Immediately upon completion of questioning of Mr. Curtin, the committee will go into executive session to consider the legislation.

EXECUTIVE
LAb/Airlines

Checked by Kardex

August 9, 1966

Dear Ted:

I wish you knew what a pleasure it is to hear a calm, reasoned voice in the current airline dispute.

The airline situation is a difficult and complicated one, particularly because we must keep in mind not only the specific problems of this dispute, but the general problems of the economy.

I deeply appreciate your note and hope you will continue to let me have the benefit of your valued and experienced judgment.

Sincerely,

Honorable Theodore W. Kheel
Battle, Fowler, Stokes & Kheel
280 Park Avenue
New York, New York 10017

LBJ:JAC:trd

RECEIVED
AUG 10
CENTRAL FILES

Peggy,

I think something of this kind might please the President --- and he might even pick up the phone and talk to him if presented with something along the like attached.

mjdr
Aug 4

THE WHITE HOUSE

WASHINGTON

August 4, 1966

Dear Ted:

I wish you knew ~~how much I appreciate~~ what a pleasure it is to hear the calm, ~~your calm~~, reasoned ~~advice,~~ voice in the current airline dispute.

airline situation

This is a difficult and complicated ~~situation~~ one, ~~especially as I must~~ particularly because we must keep in mind not only the specific problems of ~~the airline~~ labor dispute, but the general problems of the economy.

I deeply appreciate your note and ~~I hope you will keep in touch with me and~~

hope you will continue to let me have the benefit of your valued judgment and experience.

Sincerely,

Honorable Theodore W. Kheel
Battle, Fowler, Stokes & Kheel
280 Park Avenue
New York, N.Y. 10017

Aug 4 66

Juanita:

Mr. Califano asked if you would please tell us whether The President usually answers Mr. Kheel personally -- if not, Mr. Califano will respond to attached.

peggy

Date 8/3/66

Referred to

Mr Califano

by Mr. Hopkins' Office

To Juanita
9/5
2 more
for

BATTLE, FOWLER, STOKES & KHEEL
280 PARK AVENUE
NEW YORK, N.Y. 10017

GEORGE GORDON BATTLE
1897-1949
LUDLOW S. FOWLER
1924-1961
HYMAN L. BATTLE, JR
CHARLES BURTON
RAYMOND F. GREGORY
CHARLES L. JAFFIN
THEODORE W. KHEEL
MORRIS E. LASKER
HERRICK K. LIDSTONE
SAMUEL R. PIERCE, JR
JAY H. SCHAFRANN
THOMAS STOKES

YUKON 6-8330

CABLE ADDRESS
"COUNSELLOR"

August 1, 1966

The President
The White House

Dear Mr. President:

It is tragic that the rank and file of the Machinists has turned down such a fine settlement. But this is not unusual in labor relations, especially these days. I have seen it happen many times in New York City and invariably on a second vote a package of this quality is accepted. Indeed, the turn around comes faster and surer the sooner it becomes clear to the rank and file and the union politicians influencing them that they have reached the end of the line. The best strategy would be to break off negotiations and sit tight for ten days to two weeks.

I suppose, in view of the impact of the strike and Congressional concern, such a strategy, which is the correct one, probably is unrealistic. Ironically, the prospect of legislation and the legislation itself, whatever form it takes, probably will keep the dispute alive a lot longer. While the legislation might end the strike, it will also give those misguided rank and filers who think they can get more the hope that, through whatever procedures for resolution accompany the legislation, a larger settlement can be achieved.

If it were possible in some way to forestall legislation and simultaneously make it clear that there is no more to be achieved, this dispute would end in a week or two at the most, I am sure.

Even though the picture looks bleak at the moment, I think you should be comforted in the knowledge that a really fine job was done by yourself with the help of Bill Wirtz and Jim Reynolds. My congratulations to you.

With kindest regards,

Sincerely yours,

Theodore W. Kheel

km

MEMORANDUM

C. F.

THE WHITE HOUSE

WASHINGTON

WH 10
ND19/CO312
LA6/Airline
FG160
HU2
PE11-2
FG105
Ribicoff, Abraham
LE
FG170

August 12, 1966
12:00 Noon

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

Subject: Staff Meeting, 8:30 a.m., Friday, August 12, 1966.

The following are the items discussed at the staff meeting:

1. Walt Rostow reviewed the Vietnam military operation and the peace offensive with the report that there had been no favorable reaction from Hanoi. He also mentioned that Ambassador Harriman was spending time in this area.

2. Joe Califano gave the background of the President's position on the airline strike and the Congressional legislation; he also discussed the Ribicoff Hearings on conditions in urban centers and the type of witnesses that are expected (I believe that Senator Kennedy's testimony will be one of the biggest stories of the year because of urban riot conditions); and Califano discussed the demonstration city bill and particularly pointed out that the Congressional version of the bill was the same as that of the Administration except for being for three years rather than for six years.

   Califano also discussed the President's executive order designating Secretary Weaver as coordinator of activities in connection with urban rehabilitation and the set up of weekly luncheons by Secretary Weaver, Secretary Gardner, Secretary Wirtz and Attorney General Katzenbach to coordinate the program.

   Califano also pointed out that the Attorney General was the center of all information of riot conditions in the cities.

   John Macy asked that the relation of the Executive Order to local coordination groups that he has set up be clarified.

Califano also pointed out that the President's press conference this week established the Administration policy on guidelines.

Califano said he was preparing a background paper on inflation and had added Jim Gaither to his office staff to work on the legislative program.

3. John Macy pointed out that the wage board rates would be geared into the guideline policies.

Mr. Macy also pointed out in connection with current news stories, that it is against the law to solicit campaign contributions on government property or mail to government personnel in their offices.

4. Messrs. Manatos and Wilson reviewed the legislative situation for the current week in accordance with the memorandum they gave the President before the Cabinet meeting.

5. The following were in attendance: Moyers, Cater, Califano, Rostow, Komer, Semer, Jim Moyers, George Christian, Francis Bator, Cliff Alexander, Wilson, Manatos, and Macy.

K

Robert E. Kintner

THE WHITE HOUSE
WASHINGTON

August 11, Thursday.

Phone calls were made to
all those on this list.

Check indicates they were called.

No items for the agenda as yet.

3:30 p.m. Evelyn Furgerson

gust 11, 1966

C. F.
WH10

August 11, 1966

Mitchell
W-Martin

MEMORANDUM FOR:

Bill Moyers — yes
Jake Jacobsen — yes
Marvin Watson — no
Doug Cater — yes
Joe Califano — yes
Walt Rostow — yes
Bob Komer — yes
Harry McPherson — yes
Milt Semer — yes
Governor Bryant — no
Larry O'Brien — yes
James Moyers — yes
George Christian — yes
Francis Bator — yes
Cliff Alexander — yes

Mary.

Watson.
Martin.
Komer.

There will be a regular staff meeting at 8:30 a.m., Friday, August 12. Could you let me know whether or not you will attend and whether you have any suggestions for the Agenda. The meeting will be in the Fishroom.

Robert E. Kintner

REK:ejf

EXECUTIVE ①
WH5-1
LA6/airlines

mc

THE WHITE HOUSE
WASHINGTON

August 13, 1966
(1:30 p.m.)

Re: Airline Strike -- Telegrams received:

	Since 6:00 p.m. Aug. 12th	TOTAL -- Since midnight Aug. 1st.
Pro Presidential Intervention--	12	386
Con Federal Intervention------	1	366
Miscellaneous comment-------	2	65

C. F.

LE/LA6/Airline
LA6/Airline
FG 412
FG 160

EEA972
OO WTE10
DE WTE 1309

RECEIVED WASHINGTON COMMCEN: 10:54 A.M. SATURDAY 1966 13 AUGUST

FROM: JOE CALIFANO
TO: THE PRESIDENT
CITE: CAP66551

RECEIVED LBJ RANCH COMMCEN: 11:22 A.M. SATURDAY 13 AUGUST 1966

~~C O N F I D E N T I A L~~

~~CONFIDENTIAL~~

AUGUST 13, 1966
SATURDAY, 12:05 P.M.

SPEAKER MCCORMACK AND CARL ALBERT CALLED ME YESTERDAY CONCERNING THE AIRLINE STRIKE BILL. THEY REPORTED THAT SMITH WAS HOLDING A RULES COMMITTEE MEETING AT 2:00 P.M. ON MONDAY. THEY EXPECT THE SENATE BILL TO GET A RULE AT THAT TIME.

THE SPEAKER SAID THAT HE AND CARL NEEDED SOME GUIDANCE. I SAID THAT OUR POSITION REMAINED THE SAME AS YOU HAD EXPRESSED TO THEM. I ALSO SAID THAT WE THOUGHT IT MIGHT BE ADVISABLE FOR THE SPEAKER TO HOLD THE BILL IN HIS HIP POCKET FOR A DAY OR SO AND USE IT AS A LEVER TO GET SIEMILLER TO COME TO SOME AGREEMENT.

THE SPEAKER AND CARL SAID THEY WERE BY NO MEANS CERTAIN THEY COULD GET THE BILL PASSED IN THE HOUSE. THEY SAID THE AFL CIO (ANDY BIEMILLER) IS DEALING DIRECTLY WITH THE DEMOCRATIC STUDY GROUP AND TRYING TO GET A COMMITMENT OUT OF THE STUDY GROUP TO VOTE AGAINST THE BILL. IF THIS HAPPENED, THE SPEAKER THOUGHT IT WOULD BE A SERIOUS BLOW TO HIS LEADERSHIP ON A LOT OF UPCOMING LEGISLATION, AS WELL AS CREATE A STRONG POSSIBILITY THAT A CLARK-TYPE BILL, PLACING DISCRETION IN THE PRESIDENT (BUT WITH STANDARDS THAT WOULD MAKE IT LEGALLY UNOBJECTIONABLE) WOULD BE ENACTED. THEY ALSO BELIEVE THAT ANY VOTE ON THE FLOOR OF THE HOUSE WOULD TEAR THE DEMOCRATS APART.

I TOLD HIM WE WERE WORKING AROUND THE CLOCK FOR A SETTLEMENT AND WOULD DO OUR BEST TO REACH ONE OVER THE WEEK-END.

ON THE NEGOTIATIONS SIDE, WIRTZ REPORTED THAT REYNOLDS HAD BOTH PARTIES IN AGREEMENT LATE YESTERDAY EVENING ON A PACKAGE THAT WIRTZ BELIEVED WAS QUOTE CLOSER TO 4.5 THAN 4.9 UNQUOTE. HOWEVER, SIEMILLER HAS BACKED OFF THE AGREEMENT AND IS TALKING ABOUT LEAVING WASHINGTON. REYNOLDS AND WIRTZ ARE WORKING ON SIEMILLER NOW.

~~CONFIDENTIAL~~

DTG: 131654Z AUG 1966

discretion in the President (but with standards ...

August 13, 1966
Saturday, 12:05 p.m.

FOR THE PRESIDENT

FROM Joe Califano

Speaker McCormack and Carl Albert called me yesterday concerning the airline strike bill. They reported that Smith was holding a Rules Committee meeting at 2:00 p.m. on Monday. They expect the Senate bill to get a rule at that time.

The Speaker said that he and Carl needed some guidance. I said that our position remained the same as you had expressed to them. I also said that we thought it might be advisable for the Speaker to hold the bill in his hip pocket for a day or so and use it as a lever to get Siemiller to come to some agreement.

The Speaker and Carl said they were by no means certain they could get the bill passed in the House. They said the AFL-CIO (Andy Biemiller) is dealing directly with the Democratic Study Group and trying to get a commitment out of the Study Group to vote against the bill. If this happened, the Speaker thought it would be a serious blow to his leadership on a lot of upcoming legislation, as well as create a strong possibility that a Clark-type bill, placing discretion in the President (but with standards that would make it

JMT/ff

EXECUTIVE
LA6/Air

August 15, 1966

X

Mr. Frank H. Simpson
1350 Quarry Lane
Lancaster, Pennsylvania

Dear Mr. Simpson:

Many thanks for your letter of August 3 on the airline situation and the general problem of dealing with strikes which threaten irreparable damage to the national interest.

We have been working very hard to prepare a law of the kind the President mentioned in his State of the Union Message. The President has not only worked with men in the government over the past several months, but with many outstanding experts in this field from all walks of life. As yet, we have not found precisely the right solution, but we are still searching for it and we hope to come up with proposals that set the proper balance between the individual rights of the American worker and the public interest of the people he serves.

Sincerely,

Joseph A. Califano, Jr.
Special Assistant to the President

FRANK H. SIMPSON

1350 Quarry Lane
Lancaster, Pennsylvania

August 3, 1966

Dear Mr. Califano:

Having met you when you were with Secretary McNamara, I'm taking the liberty of writing to express my concern over the airline strike in particular and the increasing irresponsible activities of union leaders in general.

Having had some experience with the practical aspects of union contract negotiations and knowing the realities of the vote as to whether or not to accept a negotiated contract, I can assure you that one would have to be naive to believe that the recent week-end vote of the IAM membership was other than that that was desired and influenced by the leadership. Such being the case, this is but another instance of capriciousness and irresponsible actions of union officials.

If the corporate managements are to be called upon for restraint in pricing, in investing in new plant and equipment, and in other decision-making acts, I do not see how, in justification, the President can either condone or accept arbitrary actions of the leaders of large national and international unions. I certainly do not have the answer to conclude the airline strike. I do, however, believe that the strike should be ended -- and ended promptly -- in order that we may get on with the affairs of the nation. No union -- or management -- has the right to deny the American public access to its major means of long distance transport.

Almost eight months ago, in his State of the Union message, the President told us that he intended to ask the Congress "to consider measures which, without improperly invading state and local authority, would enable us effectively to deal with strikes which threaten irreparable damage to the national interest." Time is growing short in the 89th Congress for the President to ask for this specific legislation. It is becoming increasingly evident that the present laws are inadequate to deal with labor-management difficulties and that restrictive legislation should be promptly enacted. I hope that you will use your good offices to see that appropriate bills are introduced promptly.

Your duties and responsibilities are certainly great. I consider our nation to be fortunate that people with capacities such as yours have seen fit to dedicate their services to a cause that benefits all of us.

With every best wish, I am

Sincerely yours,

Frank Simpson

Frank H. Simpson

Hon. Joseph A. Califano, Jr.
Special Assistant to the President
The White House
Washington, D. C.

EXECUTIVE

Bp

(3)

LA6/Airlines

BE4/Airlines

LA8

FG 160

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

August 16, 1966

MEMORANDUM FOR THE PRESIDENT

Airlines

Here is something like what I think you asked for, covering the airlines case.

This draft has not been checked out. The figuring is my own, and therefore unreliable. I am having a check run and will see that any necessary corrections are made.

But I understood that you wanted this today.

W. Willard Wirtz

W. Willard Wirtz
Secretary of Labor

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

August 16, 1966

MEMORANDUM FOR THE PRESIDENT

The Airlines and the Guidelines

The airlines settlement, figured on the 4.9% basis, unquestionably "breaks the guidelines." There is no minimizing the effect it will have -- and no intention to here. BUT:

1. This case involves (directly) very small fractions of the nation's work force and employment earnings.

* The 35,400 employees involved are 1/20th of one percent of the country's work force (about 70 million). (The comparable total for the entire airline industry is 82,000).

* The labor costs involved here will be, under the new contract, about $320 million in 1966 (making no deduction for the strike period). This will represent about 1/14th of one percent of the estimated 1966 labor cost figure for the entire economy ($420 billion).

* The added cost here of exceeding the 3.2% guidepost figure will be, for the five companies for 1966, about $5 million. (This would be one one-thousandth of 1 percent of the $450 billion annual labor cost figure.)

This figuring disregards the indirect effects of the settlement. But it makes clear that except for the circumstances this would have been a relatively minor economic development.

2. The actual facts of this case put it in an infinitely different perspective from what the circumstances have given it. These are set out on the attached Memorandum. Summarizing:

* This case involves an average increase for the five companies together of $14 million a year.

  - This exceeds what would have been a 3.2% figure by about $5 a year.

  - The annual increase in labor costs to the five companies resulting from the final (hopefully) settlement, exceeds the costs under the July 29 settlement (which was not ratified) by $1.8 million The only changes made were (a) in the effective dates of certain increases, and (b) the inclusion of the limited cost-of-living clause. (The possible increases under that clause are not included in the $1.8 million figure; the maximum possible addition would bring this figure to $2.7 million -- for all five companies together).

  - (It is a great mistake to use the "total three year package cost" figures -- in which the first year increase is counted three times and the second year increase twice. This isn't the way corporate profit increases are reported.)

* The guideline percentage figure here (4.9%) compares with 5.2% for automobiles (1964), 3.0% for steel (1965), 6.3% for New York City Transit (1966) and 5.8% for West Coast Lumber (1966).

* The terms of the final settlement give the machinists less than the rates for comparable jobs in industry or in the construction industry; holiday and vacation provisions that have become standard in industry; increased payments for health and welfare plan protection; and a limited cost-of-living clause.

* The increase (4.9%) will be worth 1.1% a year in 1966 and 1967 if the cost of living continues at its present 1966 rate (3.8% a year).

* The increase in productivity in the airline industry was 11.2% last year (and 7% annually from 1957 to 1964).

* The five companies' before-profit taxes last year (1965) were $309.4 million. The 1966 contract increase amounts to 4.5% of this. The companies 1964-65 increase in before-profits taxes was $130 million. The after-profits increase was almost 100%.

* The increase (4.9%) is in line with increases in recent years (which have averaged 4.3% since 1962.

In conclusion:

What this case represents is the Government's taking a position -- in trying to maintain stabilization here -- that goes far beyond anything else that has been done in any other situation.

* We took a line (3.2%) that isn't really fair because increases in the cost of living leave it meaning only one-to-two percent in real earnings.

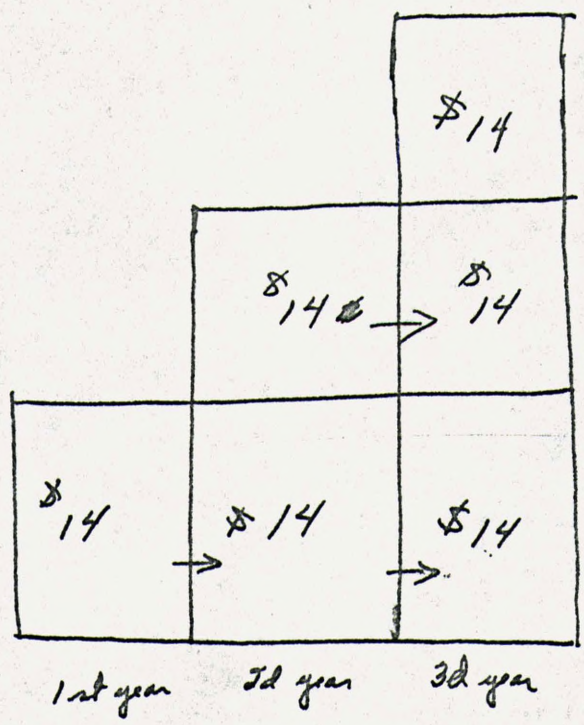
* We applied it to wages in an industry in which productivity increases are more than double the over-all figures but prices have not been reduced -- which is what the guidelines required.

* The country took a strike, and almost passed a law, and the Administration made every conceivable effort to drive the settlement figure down four or five million dollars (in terms of annual increases for the five companies) below where it would have settled in free collective bargaining.

* But we end up looking pretty bad.

* We have got to find a better way.

W. Willard Wirtz
Secretary of Labor



This is the way three $14 million increases (average) become the $84 million ($83.7) package.

MEMORANDUM

The Airlines and the Guidelines

The annual average increase in labor costs resulting from this agreement is, for the five companies, $14 million.

* The "total package" costs are $83.7. (This results from carrying each year's increase forward through the life of the contract -- which is bad presentation; this isn't the way corporate profit increases are reported.)

* The annual average increase in labor costs per company ranges from $900,000 for National to $5,400,000 for United. (The three year total package costs are $5.4 million for National; $32.4 million for United.)

The final (hopefully) settlement is very slightly above the July 29 settlement (which wasn't ratified). The increase only looks large because of the "total package" pricing approach.

* The annual-average-increase-in-labor-costs figure for the July 29 settlement was $12.2 million (compared with $14 million in the final settlement).

* In total package cost terms, the July 29 settlement was $73.2 million (compared with $83.7 in the final settlement).

* The changes made in the final settlement involved only changes in the effective dates of various increases (plus the addition of the cost-of-living clause). This is very important because it means that these changes do not affect at all the base from which the next bargaining starts (three years from now); the labor cost figures at the end of the third year will be the same under the final settlement as they would have been under the July 29 agreement.

* Each striking employee will gain about $293 over the next three years as a result of the 10-day extension of the strike. He lost, during that period, at least $350. (These are average figures. They do not include the cost-of-living clause.)

In percentage terms (using the CEA guideline figuring), this was a 4.9% settlement. This compares with:

The unratified July 29 settlement	4.4%
Automobiles (GM) (1964)	5.2%
Steel (1965)	3.0%
New York City Transit (1966)	6.3%
West Coast Lumber (1966)	5.8%

What the employees got in this case was:

* Wage increases which will, over the next three years, carry the mechanics rate from its previous $3.52 level to about $4.08. (The present top machinist rate in manufacturing establishments in large cities averages about $3.75; rates for comparable classifications in the construction industry are already over $4.00, and nearer $5.00, in most cities.)

* Holiday and vacation provisions in line with generally prevailing industry practice.

* A 5¢ per hour increase in employer contributions to health and welfare funds to cover dependents (previously in effect on EAL).

* Minor changes in wage rate practices.

* A <u>limited</u> cost-of-living provision, effective in the last year -- which will provide 1¢ increase for each .4 increase in the cost-of-living, with a top limit of 3¢ in the first half of 1968 (if the cost of living has gone up 1.2% in the <u>previous</u> six months) and another 3¢ in the second half (if there has been another 1.2% increase). This top limit distinguishes this case from the UAW cost-of-living provision (and, I think, from the star route contract bill).

* The annual improvement in the employees' hourly earnings will be an average of 4.9%. But 1.9 of this has already been "lost" as the result of cost-of-living increases during the first six months of 1966. If this continues, the annual increase in real compensation during the first two years of this contract will be 1.1%.

This increase of 4.9% per year in labor costs, which means an annual average increase of $14 million a year for the five airlines, compares with:

* An increase last year (1965; over 1964) in after-tax profits of between 92% and 101% (depending on whose figures are used).

* An increase last year in before-tax profits of $130 million (from $179.5 million in 1964 to $309.4 million in 1965. This means that the $14 million increased labor costs for 1966 resulting from this contract amount to 4.5% of 1965 before-tax profits. And first-half 1966 profit figures show a continued sharp rise.

* An increase in productivity last year of 11.2% (following a previous seven-year period -- 1957 to 1964 -- in which the average annual productivity increase was 7%).

* An increase in average employee (IAM) hourly earnings (wages and fringes) between 1962 and 1965 from $3.68 to $4.15 (or 4.3% a year).

* An increase in stock values on the five airlines, since 1962 (using "high" quotations for that year) of 406%.

EXECUTIVE
LA6/Airline
BE 5
FG 160
LA 8
BE 4/Airline

(5)

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

August 17, 1966

MEMORANDUM FOR THE PRESIDENT

The Airlines and the Guidelines

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This figuring disregards the indirect effects of the settlement. But it makes clear that except for the circumstances this would have been a relatively minor economic development.

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* The increase (4.9%) will be worth 1.5% a year in 1966 and 1967 if the cost of living continues at its present 1966 rate (3.4% a year).

* The increase in productivity in the airline industry was 11.2% last year (and 7% annually from 1957 to 1964.)

* The five companies' before-tax profits last year (1965) were $309.4 million. The 1966 contract increase amounts to 4.5% of this. The companies 1964-65 increase in before-tax profits was $130 million. The after-tax profits increase was almost 100%.

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* But we end up looking pretty bad.

* We have got to find a better way.

W. Willard Wirtz

W. Willard Wirtz
Secretary of Labor

MEMORANDUM

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* In total package cost terms, the July 29 settlement was $73.2 million (compared with $83.7 in the final settlement).

* The changes made in the final settlement involved only changes in the effective dates of various increases (plus the addition of the cost-of-living clause). This is very important because it means that these changes do not affect at all the base from which the next bargaining starts (three years from now); the labor cost figures at the end of the third year will be the same under the final settlement as they would have been under the July 29 agreement.

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This increase of 4.9% per year in labor costs, which means an annual average increase of $14 million a year for the five airlines, compares with:

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* An increase last year in before-tax profits of $130 million (from $179.5 million in 1964 to $309.4 million in 1965. This means that the $14 million increased labor costs for 1966 resulting from this contract amount to 4.5% of 1965 before-tax profits. And first-half 1966 profit figures show a continued sharp rise.

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

August 17, 1966

MEMORANDUM FOR THE PRESIDENT

Here are corrected (only in minor detail) copies of the Airlines memoranda.

W. W. W
Secretary of Labor

3. 1
3786

EASTERN AIR LINES INCORPORATED / 815 CONNECTICUT AVENUE N.W. / WASHINGTON, D. C. 20006 / 202-298-5560

EXECUTIVE
LA6/airline

FE/ND

(3)

P

STAFF VICE PRESIDENT / FEDERAL AFFAIRS

August 19, 1966

The Honorable Bill D. Moyers
Special Assistant to the President
The White House
Washington, D. C.

Dear Bill:

Just a note to express our sincere appreciation for your consistent patience with us these past few weeks as we struggled with the various attempts to settle the dispute with IAM. – International Association of Machinists

Your wise counsel and ready accessibility during this period was invaluable to us and is deeply appreciated. Will you please inform the President of our gratitude for his assistance and our deep awareness and understanding of the incredible magnitude of the problems with which he is constantly faced. We realize that our difficulties were only one of many with which he was confronted during this period and since.

Let me know when at any time there is some way we at Eastern can be of assistance to you personally or officially.

Sincerely,

Craig

Craig Raupe

EEW004
OO WTES
DE WTE 1350 2321529

FROM: JOE CALIFANO
TO : BILL MOYERS
CITE: WH60363

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AUGUST 20, 1966

FOR: BILL MOYERS
FROM: JOE CALIFANO

HERE IS THE TEXT OF A STATEMENT GARDNER ACKLEY ISSUED THIS MORNING ON THE AIRLINES SETTLEMENT:

QUOTE:

GARDNER ACKLEY CHAIRMAN OF THE COUNCIL OF ECONOMIC ADVISERS, TODAY ISSUED THE FOLLOWING STATEMENT ON THE AIRLINES SETTLEMENT:

"THE SETTLEMENT WHICH HAS JUST BEEN RATIFIED BY THE INTERNATIONAL ASSOCIATION OF MACHINISTS WILL RAISE THE COMPENSATION OF ITS MEMBERS BY AN AVERAGE OF 4.9 PERCENT A YEAR, NOT BY THE 6 OR 8 PERCENT A YEAR WHICH SOME REPORTS HAVE INACCURATELY CLAIMED. IN ADDITION, THERE IS A PROVISION FOR LIMITED COST OF LIVING ESCALATION, EFFECTIVE DURING THE LAST 12 MONTHS OF THE THREE-YEAR CONTRACT.

"THE COUNCIL GREATLY REGRETS THAT THIS SETTLEMENT SO SUBSTANTIALLY EXCEEDS ITS GUIDEPOSTS FOR NONINFLATIONARY WAGE BEHAVIOR. IT REGRETS THE UNWILLINGNESS OF THE MACHINISTS UNION TO ACCEPT THE REASONABLE AND RESPONSIBLE SETTLEMENT OF THIS DISPUTE RECOMMENDED BY THE PRESIDENT'S EMERGENCY BOARD, OR EVEN THE SOMEWHAT HIGHER SETTLEMENT WHICH THE UNION'S REPRESENTATIVES NEGOTIATED ON JULY 29.

"THE GOVERNMENT HAS NO POWER TO COMPEL EITHER LABOR OR MANAGEMENT TO ABIDE BY ITS GUIDEPOSTS. WE MUST RELY ON THE GOOD SENSE AND PUBLIC RESPONSIBILITY OF THE LEADERS OF INDUSTRY AND LABOR. MOST UNIONS AND MANAGEMENTS IN RECENT YEARS HAVE ACTED RESPONSIBLY IN SETTING WAGES AND PRICES, BUT NO ALL. THE GENERAL PUBLIC--INCLUDING THOSE WORKERS AND BUSINESSES WHO HAVE THEMSELVES BEHAVED RESPONSIBLY--WILL PLACE THE BLAME FOR VIOLATION OF REASONABLE SPEED LIMITS ON THOSE WHO HAVE VIOLATED THEM AND NOT ON THE SPEED LIMITS THEMSELVES.

"FORTUNATELY, IN THIS PARTICULAR CASE, THE EXCESSIVE SETTLEMENT WILL NOT REQUIRE HIGHER PRICES TO AIR PASSENGERS OR SHIPPERS. THE HIGH RATE OF PRODUCTIVITY ADVANCE WHCH HAS CHARACTERIZED THE AIRLINE INDUSTRY, AND IS EXPECTED TO CONTINUE, MEANS THAT AIRLINE FARES CAN CONTINUE TO TREND DOWNWARD, DESPITE THIS EXCESSIVE SETTLEMENT.

"SUCH A TREND WOULD BE CONSISTENT WITH THE GUIDEPOST FOR PRICES. THE GUIDEPOSTS SPECIFY THAT, IN INDUSTRIES WITH HIGHER THAN AVERAGE PRODUCTIVITY GAINS, PRICES SHOULD BE REDUCED, TO SHARE THE GAINS WITH THE GENERAL PUBLIC."

UNQUOTE:

DTG 20/1529 AUGUST 1966

August 20, 1966

FOR Bill Moyers

FROM Joe Califano

Here is the text of a statement Gardner Ackley issued this morning on the airlines settlement:

Quote

Gardner Ackley Chairman of the Council of Economic Advisers, today issued the following statement on the airlines settlement:

"The settlement which has just been ratified by the International Association of Machinists will raise the compensation of its members by an average of 4.9% a year, not by the 6 or 8% a year which some reports have inaccurately claimed. In addition, there is a provision for limited cost of living escalation, effective during the last 12 months of the three-year contract.

"The Council greatly regrets that this settlement so substantially exceeds its guideposts for noninflationary wage behavior. It regrets the unwillingness of the Machinists union to accept the reasonable and responsible settlement of this dispute recommended by the President's Emergency Board, or even the somewhat higher settlement which the union's representatives negotiated on July 29.

"The Government has no power to compel either labor or management to abide by its guideposts. We must rely on the good sense and public responsibility of the leaders of industry and labor. Most unions and managements in recent years have acted responsibly in setting wages and prices, but not all. The general public -- including those workers and businesses who have themselves behaved responsibly -- will place the blame for violation of reasonable speed limits on those who have violated them and not on the speed limits themselves.

"Fortunately, in this particular case, the excessive settlement will not require higher prices to air passengers or shippers. The high rate of productivity advance which has characterized the airline industry, and is expected to continue, means that airline fares can continue to trend downward, despite this excessive settlement.

"Such a trend would be consistent with the guidepost for prices. The guideposts specify that, in industries with higher than average productivity gains, prices should be reduced, to share the gains with the general public." Unquote

Executive Office of the President
COUNCIL OF ECONOMIC ADVISERS
Washington, D. C.

August 20 1966

FOR IMMEDIATE RELEASE

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