

Summary

Report of the Task Force on Labor, Incomes and Manpower Policies

Chairman: George P. Shultz

This report presents recommendations in three areas - labor relations policy, wage-price policy, and manpower policy. Underlying the recommendations in all three areas are two basic convictions: 1) high employment is an important goal in itself, but is in tension with the goal of reasonable price stability - a situation that must be recognized and dealt with; and 2) unions and companies themselves must be made responsible for making particular decisions free of government intervention and accepting their consequences.

Labor Relations Policy

The members of the task force are opposed to seeking changes in labor legislation - including application of the anti-trust laws to unions - in the near future. (An appendix presents suggestions for labor legislation to consider if the subject is opened up.)

Instead, they recommend seeking changes through administrative means, generally following a policy of a) emphasizing resolution through free collective bargaining; b) intervening only when absolutely necessary; and c) pursuing equitable settlements rather than "peace without regard to its price" when intervention is undertaken.

The task force also recommends abolition of the distinction between the Mediation Service and the Department of Labor. The official in charge should have a research and technical assistance function as well as the mediation function, for the purpose of

studying the year's negotiating calendar in depth and doing special studies.

The report strongly urges an almost off-the-record, internal study of the problem of public employees at the Federal and other government levels, including careful review of the evaluation of Executive Order 10988 now underway.

For the immediate future the report recommends:

1) Establishing a joint (Department of Labor - Mediation Service) study unit to study the 1969 negotiation scene. The General Electric-Westinghouse negotiation is year's major event, but is not an immediate problem.

2) Giving immediate attention to the airline negotiations with mechanics, which open January 1, 1969 - a situation that could present the Administration with a precedent-setting crisis.

3) Keeping track of the East Coast longshoremen dispute, which may not be resolved before January 20th.

Wage-Price Policy

The report views both voluntary and statutory restraints on wages and prices as ineffective; only restraints on aggregate expenditure will be effective in resisting inflation.

Recommendations are offered for softening the conflict between greater price level stability and unemployment (likely to fall most heavily on minority groups), but the report regretfully concludes that this goal cannot even be approximated in the next four years. The recommendations cover the areas of unemployment compensation, training allowances, training opportunities and programs, employment services, and moving allowances.

Although opposed to direct intervention in price determina-

The specific recommendations are essentially methods for making the particular industry's labor market more competitive. An expansion of international competition through lowered tariff barriers and resisting or ignoring "Buy American" clauses is also recommended. Finally, the report advocates continued surveillance of product price-fixing arrangements by the Anti-trust Division.

Manpower Policy

The report recommends a continuation of the emphasis on job opportunities for the disadvantaged, suggesting that the new Administration first make full use of the possibilities opened up by recent legislation and administrative decisions, specifically the Vocational Education Act of 1968, the amendment of Title I-B of the Economic Opportunity Act (permitting comprehensive community programs in place of various separate ones), 1968 amendments to the MDTA. (providing for improved administration and federal matching funds for state programs), and the decision providing for reorganizations of the Manpower Administration of the Labor Department.

Because of these opportunities, the report emphasizes the importance of the position of Assistant Secretary for Manpower Progress and suggests elevating it to Undersecretary status.

Long-term, the report recommends legislation authorizing a single appropriation for all manpower services, the allocation among programs to be made mainly by state governments in accordance with Federal guidelines; some funds would be reserved for pass-through to cities and for interstate programs and research. The states would be responsible for delivery of services, either through a state employment service or in accordance with a federally approved plan; in either case, the job seeker should be able to gain