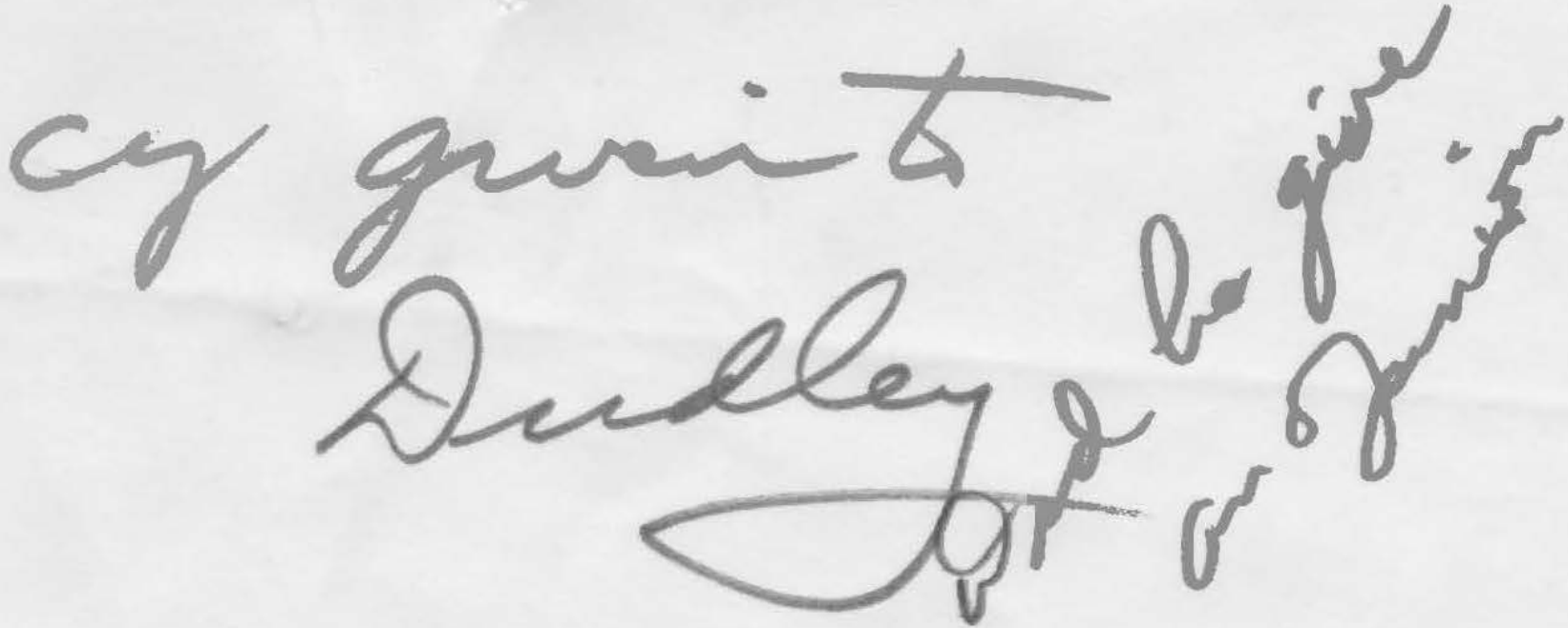
**The original documents are located in Box 7, folder "Congressional - Lobbying (2)" of the Philip Buchen Files at the Gerald R. Ford Presidential Library.**



THE WHITE HOUSE

WASHINGTON

May 21, 1975

MEMORANDUM FOR: PHILIP W. BUCHEN ✓
JOHN T. DUNLOP

FROM: L. WILLIAM SEIDMAN LWS

SUBJECT: Alleged Lobbying Activities of Director, Council on Wage and Price Stability

I will appreciate your opinion -- as quickly as possible -- on the adequacy of my proposed reply to Mr. Jim Housewright, President of the Retail Clerks International Association. He wrote the President complaining that a telegram sent by Al Rees to the Ohio legislature constituted "lobbying."

Pertinent portions of the file are attached. I have asked Douglas Metz of my staff (extention 6426) to follow through and provide you with any additional information you may request.

Attachments

THE WHITE HOUSE

WASHINGTON

May 20, 1975

Dear Mr. Housewright:

The President has asked me to thank you for your letter of May 9 concerning a telegram Albert Rees sent to a representative of the Ohio legislature.

While I appreciate your concern about "lobbying," I am satisfied that Mr. Rees, in responding to a request for an opinion, was performing within his authority. He has previously been on record with favorable comments about automated checkout systems. In addition, I think it is appropriate for him to state his desires to see the system tested fairly because the Council on Wage and Price Stability is charged by the Congress to focus attention on productivity. (PL 93-387 Sec. 3(a)(5))

It is my understanding that Mr. Rees has responded to your letter to him and is willing to meet with you. I hope you will be able to accept his invitation.

Sincerely,

L. William Seidman
Assistant to the President
for Economic Affairs

Mr. James T. Housewright
International President
Retail Clerks International Association
1775 K Street, N. W.
Washington, D. C. 20006

Retail
Clerks
International
Association

May 19, 1975

The Honorable L. William Seidman
Assistant to the President
for Economic Affairs
Second Floor, West Wing
The White House
Washington, D. C. 20500

Dear Mr. Seidman:

In your capacity as Deputy Chairman of the Council on Wage and Price Stability, I want to bring to your attention a matter of substantial concern to our union.

To this end I am enclosing a copy of a letter to Albert Rees which I hope you will read.

I am particularly concerned with the expansive interpretation of the Council's authority put forth by Rees. If focusing "attention on the need to increase productivity" is a charge to the Council to oppose consumer protection and labor standards legislation, which follows from Rees' exegesis and position, then it is none too timely to know as the Act's extension awaits Congressional action.

Does Rees' interpretation of the Act and his position on item price marking legislation reflect that of the Council.

Your response is anxiously awaited.

Yours truly,

James T. Housewright
International President

Enclosure



James T. Housewright
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President

Peter L. Hall
International
Secy.-Treas.

Affiliated with
AFL-CIO & CLC

Suffridge Building
1775 K Street, N.W.
Washington, D.C 20006
Phone (202) 223-3111

Retail
Clerks
International
Association

May 14, 1975

Mr. Albert Rees, Director
President's Council on Wage and Price Stability
3234 New Executive Office Building
Washington, D. C. 20506

Dear Mr. Rees:

Thank you for your speedy response to my letter of May 9, 1975, concerning your lobbying the Ohio State Legislature in opposition to consumer protection legislation which would require price marking on retail items.

Your invitation to meet on this matter, although at least one week late, is welcome, although we are not so naive as to believe that any meeting will effect a change in your well publicized position. This is particularly true in light of your May 12 speech to the National Canners Association. Nonetheless, I will have Richard C. McAllister contact you to arrange a convenient meeting time.

Preliminarily, however, several points need to be made for the record.

To the best of our knowledge and belief, you have officially gone on record in opposition to legislation which would require continued marking of prices on retail items. You have done this without having either conducted an independent study or investigation of the issue and without having consulted proponents of such legislation. In fact, both your telegram and your speech reflect a studied attempt to ignore the views of consumer groups and labor unions, an attitude neither befitting a bureaucrat nor a former academician.

Furthermore, we are a little tired of rebutting the charge of industry and their allies to the effect that we are opposed to automation or other new technology. This is a canard, and anyone close to the organized segment of the retail industry knows that it is.



James T. Housewright
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We have not opposed the introduction of new technology either politically or in negotiations. Sure, we have sought to protect our members' interests by demanding prenotification and bargaining concerning changes that will alter or eliminate our members' jobs; by demanding the fullest protection and benefits for members directly and adversely affected by the introduction of new technology; and, by demanding a fair share of any increased productivity which may result. However, we are not opposed to electronic point-of-sale systems, and our interests in fully protecting our members as these systems are introduced cannot reasonably be construed as obstructionist.

Specifically as to the price marking issue, we do have strong views on this matter as your letter belatedly recognizes. Consumer advocates, with whom we have been allied for many years, contacted us many months ago to suggest that we should be concerned with industry's intention to remove prices from retail items as they were replaced by the UPC and electronic scanning systems. The consumers were blunt: They said we shared a common consumer protection point of view, but they also indicated that our interests were even broader as our members would be losing work that should not be eliminated.

Certainly we would have supported this consumer protection effort in any event, but at a time when we were concerned with the employment impact of the UPC and point-of-sale systems, it is only candid to say that this solicitation of support struck a particularly responsive chord. In brief, price marking is productive, positive work for retail employees and its elimination would deprive consumers of valuable information. Efforts to insure that industry not be allowed to arrogantly eliminate price marking, in the interest of consumers and retail workers, was justified, particularly where there have been no meaningful commitments to pass on any savings through reduced prices to consumers.

Despite propaganda to the contrary, it is not featherbedding, nor will it impede the introduction of the new technology. At least 85 per cent of the increased productivity gained through the new technology would still be realized based upon industry figures, even if item price marking were mandatorily continued. The cost to the consumer for continued price marking would be miniscule, while the protection afforded would be appreciable. The impact upon employment would not be great, but, in a Republican economy, every job is worth protecting.

On the merits, our disagreement can and will be taken in stride. But what is particularly galling is to hear the industry line parroted by one of the academicians who has so often stated that what is really needed in the labor-management sphere is greater communication, coordination and liaison. It appears that consultation is desirable to some professors only when it would support their predetermined course of action.

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At your meeting with my representatives, I would like to determine whether your speeches as Director of the Council are reflective of the Council's position; whether independent studies have been conducted by the Council which support your numerous conclusions, e.g., speedier check-outs and lower prices; what is the extent of your data with regard to capital investment in POS systems and how will this affect prices in the short run; and, what efforts have you made to balance apparent input from industry by securing the views of consumers and labor.

Yours truly,

James T. Hauswright

International President

cc: Chairman and members of Council on Wage and Price Stability
Members of Senate Banking, Housing and Urban Affairs Committee
Members of House Banking, Currency and Housing Committee
George Meany

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON WAGE AND PRICE STABILITY
726 JACKSON PLACE, N.W.
WASHINGTON, D.C. 20506

FOR RELEASE UPON DELIVERY
Monday, May 12, 1975

FOR INFORMATION CALL:
(202) 456-6757

# REMARKS OF ALBERT REES
# DIRECTOR OF THE
# COUNCIL ON WAGE AND PRICE STABILITY
# BEFORE THE
# SPRING BOARD MEETING OF THE
# NATIONAL CANNERS ASSOCIATION
# WILLIAMSBURG, VIRGINIA
# MAY 12, 1975

From the beginning of our current efforts to bring inflation under control, we in the Council on Wage and Price Stability have had a special interest in the price of food. It is for that reason that I am particularly glad to be able to meet this morning with representatives of such an important segment of the food industry.

As you know, the recent news on food prices for consumers has been very good. In March, the Consumer Price Index for food, seasonally adjusted, was down 0.5 percent, and for food consumed at home it was down 0.9 percent. We know that further price reductions have taken place in April and May, and that canned foods have participated in these price declines.

The Council on Wage and Price Stability has helped to restrain the cost of canned foods. In our discussions with the steel industry last December, we persuaded several companies to roll back a large part of their announced price increases for tinplate, the material from which food cans are made. We have also been making a study of the can manufacturing industry, which will be completed very soon. Finally, we held hearings on the price of sugar that helped to mobilize consumer resistance to high sugar prices, and, as you all know, the price of sugar has since fallen substantially. This is good news for canners of fruit and other sweetened products.

But, although the news about food prices has been good in recent weeks, there are threats on the horizon that could produce higher food prices in the future. One of these was the farm bill passed by the Congress last month, which would have raised loan and target prices for crops very substantially. This could have resulted in the diversion of acreage from badly needed food to cotton, which is already in substantial surplus. Fortunately, President Ford has vetoed this bill and we feel confident that his veto will be sustained.

A second threat to lower prices that is always present is bad weather. If the United States or other major food producing countries have smaller than normal crops in 1975, this could send food prices upward again.

The final threat is the possibility of sharply higher costs of food distribution which could raise the margin between farm prices and retail prices. These farm-to-market spreads, which rose substantially in 1974, have narrowed in recent weeks, but long-run forces are tending toward further increases.

The costs of food processing and distribution include payments by processor and distributors for fuel, interest, transportation, local taxes, and, most importantly, wages. If wages rise faster than productivity, unit labor costs must rise, and this must ultimately be reflected in retail food prices. I am disturbed both by the size of some recent wage settlements and by new impediments to the improvement of productivity.

Some recent collective bargaining agreements in the retail food industry have provided for increases in wages and benefits in the first year of 12 to 16 percent. Some of these increases can be explained as catching up with previous increases in the cost of living or as correcting inequities between crafts or between geographical areas. But, however they are explained, the customer must pay for them in higher food prices. Management spokesmen tell me that they feel powerless to resist what they regard as excessive wage demands and some call for changes in labor laws to rectify alleged imbalances in bargaining power. Perhaps such changes should be considered. However, I am not convinced that management is generally using its present powers effectively. Too often there is little unity among the mangement parties to the same negotiation, and too often management waits until the last possible moment to do realistic bargaining. In too many cases, management is being outgunned and outmaneuvered by able union leaders who know their business and work hard at it.

The rapid rise in wages would be far less disturbing if there were also rapid rises in productivity, but recently productivity in the nonfarm economy has been falling. The short-run drop in productivity is, of course, an effect of the recession and will be reversed during the coming recovery. But even the longer run trends in productivity have been somewhat disappointing.

One of the major sources of gains in productivity is technological change, and few technological changes in food distribution have the potential for increasing productivity as much as the automated checkstand in retail food stores, where a laser beam reads quickly and accurately the Universal Product Code which all of you print on your labels. This device improves inventory control, saves labor, and speeds the customer through the checkout with an itemized receipt listing every item purchased and its price. Much of the labor is saved because the Universal Product Code makes it unnecessary to mark or stamp the price on every can or package. Unfortunately, food chains that are attempting to test consumer acceptance of this system are being picketed by consumer groups and unions, so that a fair test has not yet been possible.

(more)

Because of the high turnover of personnel in retail food stores, the labor saved by the automated checkstand can be saved through attrition, and no one needs to be laid off. Nevertheless, it is understandable that unions oppose the device. What I cannot understand is why consumer groups oppose it; and why, even before the system has had a fair trial, they sponsor legislation to require price markings on cans and packages. To give shoppers the ability to read the price in the brief time after the can has been taken from the shelf and before it has been checked out, the consumer organizations are apparently willing to sacrifice some of the labor cost savings that make possible a system which will bring not only cheaper food, but speedier service and accurate charges. I find it difficult to believe that this represents the true preferences of their own members, but I would be happy to consider evidence that I am wrong. I hope that our legislators will be willing to give the new system a fair trial, and will not rush to pass laws that will permanently raise food costs and prices.

A second potential source of productivity gain in food distribution is the elimination of empty backhauls by private motor carriers. Here again recent news has not been good. The Interstate Commerce Commission currently prohibits one subsidiary of a corporation from hauling freight for either the corporate parent or for another subsidiary of the same corporation except on a gratuitous basis. If even an "accounting price" is charged, the service is considered to be "common carriage" subject to ICC rate and entry controls. There is strong evidence that this policy substantially impairs the productivity of private trucking fleets and wastes scarce fuel. In January, the Council on Wage and Price Stability filed a statement with ICC in support of a request by the Private Carrier Conference of the American Trucking Association that this ICC policy be modified. As yet, no decision has been made on this request.

Another cause of empty backhauls is the interpretation of the Robinson Patman Act by the Federal Trade Commission which suggests that backhaul allowances based on actual freight costs might not be consistent with the Act. This unfortunate interpretation has recently been restated by FTC in reply to a letter from Consumers Union. Our legal staff believes that Robinson Patman permits differences in prices and rates when based on costs, and believes that actual cost backhaul allowances meet this test. However, if FTC is going to continue to interpret the Act so as to encourage higher prices for food and the waste of precious fuel, it is my personal view that the Act should be amended or repealed.

I have been talking so far about matters that directly affect the food industry. In the time remaining, I should like to broaden my focus. First, I think that the outlook for price stability on a broader front is very encouraging, although I should warn you that the record of the economics profession in forecasting prices, my own included, is not a good one. My forecasts are not based on any formal econometric model, but rather on our day-to-day work in price monitoring. Several weeks ago, I said that I expected the rate of increase in the Consumer Price Index during 1975

(more)

to be no more than 8 percent, and during the fourth quarter no more than 6 percent. With each passing day, this prediction looks safer, and the chance that we will do even better grows. Moreover, I do not see any reason to expect the acceleration of price increases in the first part of 1976. We feel confident that by then we will be well into a vigorous economic recovery. But there will still be slack in the economy, and productivity will be rising rapidly. Both of these forces will contribute to price moderation. Some private forecasters are predicting a decline in the rate of inflation throughout 1976, and they could well be right.

Let me also touch on the prospects for renewed wage and price controls. Last week, the Senate passed by a vote of 67 to 20 a bill to extend the Council on Wage and Price Stability Act. This bill, as introduced in January, contained several features for delay powers over wage and price increases that were a step back toward controls. Not one of these features survived in the bill passed by the Senate. There simply is no substantial sentiment for controls or anything resembling controls in Congress at this time. The bill passed by the Senate would give the Council on Wage and Price Stability subpoena powers. If this provision is enacted into law, we would plan to use these powers very sparingly, and only in unusual circumstances.

Despite what has happened in Congress, I keep hearing from people in business the view that controls are coming back, and that prices must be kept up to prevent their being frozen at low levels. I cannot imagine where these totally unfounded reports originate. The only possibility of renewed price controls would arise if businesses raised prices without strong reasons based on costs and demand conditions, or failed to pass on decreases in costs to their customers. Then the fear of controls could become a self-fulfilling prophecy. I remain confident that this is not going to happen.

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CWPS- 44

Retail
Clerks
International
Association

May 9, 1975

The Honorable Gerald E. Ford
The White House
Washington, D. C. 20500

Dear President Ford:

I enclose a copy of a letter I sent today to Albert Rees, director of the President's Council on Wage and Price Stability, protesting his sending a telegram to the Ohio Legislature opposing price-marking legislation supported by consumers. NOT ENCLOSED

I can find nothing in the law which gives Mr. Rees the right or authority to intervene in the affairs of state legislatures. Since he heads the President's Council on Wage and Price Stability, I urge you to use your good offices to give him clear instructions that he is exceeding the authority asked by you or granted to him by Congress.

Nowhere in your request for the creation of the Council, nor in the record of legislative intent, can I find even the slightest allusion to the director being permitted to lobby on behalf of partisan legislation at the state level.

Very truly yours,

James T. Hausewright
International President

Enclosure

1975 MAY 14 AM 11:25



James T. Housewright
International
President

Peter L. Hall
International
Secy.-Treas.

Affiliated with
AFL-CIO & CLC

Suffridge Building
1775 K Street, N.W.
Washington, D.C. 20006
Phone (202) 223-3111

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON WAGE AND PRICE STABILITY
WASHINGTON, D.C. 20506

May 9, 1975

Mr. James T. Housewright
International President
Retail Clerks International
Association
1775 K Street, N.W.
Washington, D.C. 20006

Dear Mr. Housewright:

Thank you for your letter of May 9 concerning my telegram to Ohio State Representative Murdock. I replied to Representative Murdock's request for comment because we are concerned about how to increase productivity. Section 3(a) of the Council on Wage and Price Stability Act (PL 93-387) states that the Council "shall . . . focus attention on the need to increase productivity in both the public and the private sectors of the economy." Only increases in productivity will permit increases in wages without corresponding increases in prices. For this reason we believe that new technologies such as the automated checkstand deserve a fair trial before their potential is limited by legislation.

I am aware that the Retail Clerks International Association has strong views on the issue of the automated checkstand and price marking. If you or any member of your staff would like to discuss these, I would be happy to have a meeting at your convenience.

Sincerely yours,

Albert Rees

Albert Rees
Director

May 9, 1975

Mr. Albert Rees, Director
President's Council on Wage and Price Stability
3235 New Executive Office Building
Washington, D. C. 20506

Dear Mr. Rees:

We were shocked to read a report of your telegram to Ohio State representative Norman Murdock opposing price marking legislation.

Does this presage your lobbying federal and state legislatures on a wide range of consumer protection matters? Will you be opposing auto safety, air and water pollution, truth in labeling, and all other measures to promote the health, safety and economic well-being of consumers if they have costs attached to them?

While I am sure that the legislators will give your representations the short-shrift they deserve, I can't help but wonder about your using your appointive position to advocate industry positions.

I wouldn't want to accuse you of plagiarism, but Joe Danzansky, for one, expressed the precise same viewpoint much earlier than you. A coincidence perhaps?

Who is it that you speak for? The Administration? The Wage-Price Council? The supermarket industry? Individually? Or for more than one of the above?

If you are speaking in an official capacity, we wonder from whence you derive your authority. Or is this an official position on which the Council has voted as part of a deliberate pattern of pursuing a clear anti-consumer, pro-business course?

Is your statement to the Ohio legislature the result of some sort of independent survey conducted by your agency or did you simply swallow the industry line and then regurgitate it instantly to the Ohio legislature?

As you know, we vigorously opposed giving the Council greater power than it now possesses, but not its general overview and reporting of wage and price developments.

Your partisan and unauthorized broadside against protecting consumers from arrogant industry elimination of price marking indicates that our concern with more precisely defining the role of the Council should have been far greater. It is now.

Yours truly,

/s/ James T. Housewright

International President

JTH:WLD:sjm

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON WAGE AND PRICE STABILITY
726 JACKSON PLACE, N.W.
WASHINGTON, D.C. 20506

May 7, 1975

MEMORANDUM FOR CORRESPONDENTS:

For information call:
(202) 456-6757

Following is the text of a telegram Albert Rees, Director of the Council on Wage and Price Stability, sent to Representative Norman A. Murdock of the Ohio legislature in response to his request for a Council opinion on a bill which would compel prices to appear on grocery store items:

> We are informed that H. 720, a bill to require prices in arabic numbers to be marked on merchandise displayed for sale, is being considered by the Ohio legislature. Such bills would deprive consumers of much of the considerable savings to be achieved through automated checkstands. Such systems should be given a complete and fair test to ascertain whether or not adequate price information can be given consumers through shelf labels and itemized receipts. H. 720 would prevent testing and therefore, we urge that it be defeated.

o O o

CWPS-41

THE WHITE HOUSE
WASHINGTON

Date 5/22/75

TO: Phil Buchen

FROM: DUDLEY CHAPMAN

ACTION:

_____ Approval/Signature

_____ Comments/Recommendations

_____ Prepare Response

_____ Please Handle

✓ For Your Information

✓ File

REMARKS:

Letter is OK, the statutory reference is correct. Hong Mety notified by phone 5/23.

THE WHITE HOUSE

WASHINGTON

May 21, 1975

MEMORANDUM FOR: PHILIP W. BUCHEN ✓
JOHN T. DUNLOP

FROM: L. WILLIAM SEIDMAN LWS

SUBJECT: Alleged Lobbying Activities of Director, Council on Wage and Price Stability

I will appreciate your opinion -- as quickly as possible -- on the adequacy of my proposed reply to Mr. Jim Housewright, President of the Retail Clerks International Association. He wrote the President complaining that a telegram sent by Al Rees to the Ohio legislature constituted "lobbying."

Pertinent portions of the file are attached. I have asked Douglas Metz of my staff (extention 6426) to follow through and provide you with any additional information you may request.

Attachments

THE WHITE HOUSE

WASHINGTON

May 20, 1975

Dear Mr. Housewright:

The President has asked me to thank you for your letter of May 9 concerning a telegram Albert Rees sent to a representative of the Ohio legislature.

While I appreciate your concern about "lobbying," I am satisfied that Mr. Rees, in responding to a request for an opinion, was performing within his authority. He has previously been on record with favorable comments about automated checkout systems. In addition, I think it is appropriate for him to state his desires to see the system tested fairly because the Council on Wage and Price Stability is charged by the Congress to focus attention on productivity. (PL 93-387 Sec. 3(a)(5))

It is my understanding that Mr. Rees has responded to your letter to him and is willing to meet with you. I hope you will be able to accept his invitation.

Sincerely,

L. William Seidman
Assistant to the President
for Economic Affairs

Mr. James T. Housewright
International President
Retail Clerks International Association
1775 K Street, N. W.
Washington, D. C. 20006

International
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May 19, 1975

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Second Floor, West Wing
The White House
Washington, D. C. 20500

Dear Mr. Seidman:

In your capacity as Deputy Chairman of the Council on Wage and Price Stability, I want to bring to your attention a matter of substantial concern to our union.

To this end I am enclosing a copy of a letter to Albert Rees which I hope you will read.

I am particularly concerned with the expansive interpretation of the Council's authority put forth by Rees. If focusing "attention on the need to increase productivity" is a charge to the Council to oppose consumer protection and labor standards legislation, which follows from Rees' exegesis and position, then it is none too timely to know as the Act's extension awaits Congressional action.

Does Rees' interpretation of the Act and his position on item price marking legislation reflect that of the Council.

Your response is anxiously awaited.

Yours truly,

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International President

Enclosure

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Clerks
International
Association

May 14, 1975

Mr. Albert Rees, Director
President's Council on Wage and Price Stability
3234 New Executive Office Building
Washington, D. C. 20506

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Your invitation to meet on this matter, although at least one week late, is welcome, although we are not so naive as to believe that any meeting will effect a change in your well publicized position. This is particularly true in light of your May 12 speech to the National Canners Association. Nonetheless, I will have Richard C. McAllister contact you to arrange a convenient meeting time.

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Yours truly,

James T. Lynn

International President

cc: Chairman and members of Council on Wage and Price Stability
Members of Senate Banking, Housing and Urban Affairs Committee
Members of House Banking, Currency and Housing Committee
George Meany

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON WAGE AND PRICE STABILITY
726 JACKSON PLACE, N.W.
WASHINGTON, D.C. 20506

FOR RELEASE UPON DELIVERY
Monday, May 12, 1975

FOR INFORMATION CALL:
(202) 456-6757

# REMARKS OF ALBERT REES
# DIRECTOR OF THE
# COUNCIL ON WAGE AND PRICE STABILITY
# BEFORE THE
# SPRING BOARD MEETING OF THE
# NATIONAL CANNERS ASSOCIATION
# WILLIAMSBURG, VIRGINIA
# MAY 12, 1975

From the beginning of our current efforts to bring inflation under control, we in the Council on Wage and Price Stability have had a special interest in the price of food. It is for that reason that I am particularly glad to be able to meet this morning with representatives of such an important segment of the food industry.

As you know, the recent news on food prices for consumers has been very good. In March, the Consumer Price Index for food, seasonally adjusted, was down 0.5 percent, and for food consumed at home it was down 0.8 percent. We know that further price reductions have taken place in April and May and that canned foods have participated in these price declines.

The Council on Wage and Price Stability has helped to restrain the prices of canned foods. In our discussions with the steel industry last year we persuaded several companies to roll back a large part of their price increases for tinplate, the material from which food cans are made. We have also been making a study of the can manufacturing industry which will be completed very soon. Finally, we held hearings on the price of sugar that helped to mobilize consumer resistance to high sugar prices and, as you all know, the price of sugar has since fallen substantially. This is good news for canners of fruit and other sweetened products.

But, although the news about food prices has been good to recent months, there are threats on the horizon that could produce higher food prices in the future. One of these was the farm bill passed by the Congress last month, which would have raised loan and target prices for grains very substantially. This could have resulted in the diversion of acreage from badly needed food to cotton, which is already in surplus supply. Fortunately, President Ford has vetoed this bill and we hope that his veto will be sustained.

CWPS-44

(more)

A second threat to lower prices that is always present is bad weather. If the United States or other major food producing countries have smaller than normal crops in 1975, this could send food prices upward again.

The final threat is the possibility of sharply higher costs of food distribution which could raise the margin between farm prices and retail prices. These farm-to-market spreads, which rose substantially in 1974, have narrowed in recent weeks, but long-run forces are tending toward further increases.

The costs of food processing and distribution include payments by processor and distributors for fuel, interest, transportation, local taxes, and, most importantly, wages. If wages rise faster than productivity, unit labor costs must rise, and this must ultimately be reflected in retail food prices. I am disturbed both by the size of some recent wage settlements and by new impediments to the improvement of productivity.

Some recent collective bargaining agreements in the retail food industry have provided for increases in wages and benefits in the first year of 12 to 16 percent. Some of these increases can be explained as catching up with previous increases in the cost of living or as correcting inequities between crafts or between geographical areas. But, however they are explained, the customer must pay for them in higher food prices. Management spokesmen tell me that they feel powerless to resist what they regard as excessive wage demands and some call for changes in labor laws to rectify alleged imbalances in bargaining power. Perhaps such changes should be considered. However, I am not convinced that management is generally using its present powers effectively. Too often there is little unity among the mangement parties to the same negotiation, and too often management waits until the last possible moment to do realistic bargaining. In too many cases, management is being outgunned and outmaneuvered by able union leaders who know their business and work hard at it.

The rapid rise in wages would be far less disturbing if there were also rapid rises in productivity, but recently productivity in the nonfarm economy has been falling. The short-run drop in productivity is, of course, an effect of the recession and will be reversed during the coming recovery. But even the longer run trends in productivity have been somewhat disappointing.

One of the major sources of gains in productivity is technological change, and few technological changes in food distribution have the potential for increasing productivity as much as the automated checkstand in retail food stores, where a laser beam reads quickly and accurately the Universal Product Code which all of you print on your labels. This device improves inventory control, saves labor, and speeds the customer through the checkout with an itemized receipt listing every item purchased and its price. Much of the labor is saved because the Universal Product Code makes it unnecessary to mark or stamp the price on every can or package. Unfortunately, food chains that are attempting to test consumer acceptance of this system are being picketed by consumer groups and unions, so that a fair test has not yet been possible.

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Because of the high turnover of personnel in retail food stores, the labor saved by the automated checkstand can be saved through attrition, and no one needs to be laid off. Nevertheless, it is understandable that unions oppose the device. What I cannot understand is why consumer groups oppose it; and why, even before the system has had a fair trial, they sponsor legislation to require price markings on cans and packages. To give shoppers the ability to read the price in the brief time after the can has been taken from the shelf and before it has been checked out, the consumer organizations are apparently willing to sacrifice some of the labor cost savings that make possible a system which will bring not only cheaper food, but speedier service and accurate charges. I find it difficult to believe that this represents the true preferences of their own members, but I would be happy to consider evidence that I am wrong. I hope that our legislators will be willing to give the new system a fair trial, and will not rush to pass laws that will permanently raise food costs and prices.

A second potential source of productivity gain in food distribution is the elimination of empty backhauls by private motor carriers. Here again recent news has not been good. The Interstate Commerce Commission currently prohibits one subsidiary of a corporation from hauling freight for either the corporate parent or for another subsidiary of the same corporation except on a gratuitous basis. If even an "accounting price" is charged, the service is considered to be "common carriage" subject to ICC rate and entry controls. There is strong evidence that this policy substantially impairs the productivity of private trucking fleets and wastes scarce fuel. In January, the Council on Wage and Price Stability filed a statement with ICC in support of a request by the Private Carrier Conference of the American Trucking Association that this ICC policy be modified. As yet, no decision has been made on this request.

Another cause of empty backhauls is the interpretation of the Robinson Patman Act by the Federal Trade Commission which suggests that backhaul allowances based on actual freight costs might not be consistent with the Act. This unfortunate interpretation has recently been restated by FTC in reply to a letter from Consumers Union. Our legal staff believes that Robinson Patman permits differences in prices and rates when based on costs, and believes that actual cost backhaul allowances meet this test. However, if FTC is going to continue to interpret the Act so as to encourage higher prices for food and the waste of precious fuel, it is my personal view that the Act should be amended or repealed.

I have been talking so far about matters that directly affect the food industry. In the time remaining, I should like to broaden my focus. First, I think that the outlook for price stability on a broader front is very encouraging, although I should warn you that the record of the economics profession in forecasting prices, my own included, is not a good one. My forecasts are not based on any formal econometric model, but rather on our day-to-day work in price monitoring. Several weeks ago, I said that I expected the rate of increase in the Consumer Price Index during 1975

(more)

to be no more than 8 percent, and during the fourth quarter no more than 6 percent. With each passing day, this prediction looks safer, and the chance that we will do even better grows. Moreover, I do not see any reason to expect the acceleration of price increases in the first part of 1976. We feel confident that by then we will be well into a vigorous economic recovery. But there will still be slack in the economy, and productivity will be rising rapidly. Both of these forces will contribute to price moderation. Some private forecasters are predicting a decline in the rate of inflation throughout 1976, and they could well be right.

Let me also touch on the prospects for renewed wage and price controls. Last week, the Senate passed by a vote of 67 to 20 a bill to extend the Council on Wage and Price Stability Act. This bill, as introduced in January, contained several features for delay powers over wage and price increases that were a step back toward controls. Not one of these features survived in the bill passed by the Senate. There simply is no substantial sentiment for controls or anything resembling controls in Congress at this time. The bill passed by the Senate would give the Council on Wage and Price Stability subpoena powers. If this provision is enacted into law, we would plan to use these powers very sparingly, and only in unusual circumstances.

Despite what has happened in Congress, I keep hearing from people in business the view that controls are coming back, and that prices must be kept up to prevent their being frozen at low levels. I cannot imagine where these totally unfounded reports originate. The only possibility of renewed price controls would arise if businesses raised prices without strong reasons based on costs and demand conditions, or failed to pass on decreases in costs to their customers. Then the fear of controls could become a self-fulfilling prophecy. I remain confident that this is not going to happen.

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CWPS- 44

Clerks International Association

May 9, 1975

The Honorable Gerald E. Ford
The White House
Washington, D. C. 20500

Dear President Ford:

I enclose a copy of a letter I sent today to Albert Rees, director of the President's Council on Wage and Price Stability, protesting his sending a telegram to the Ohio Legislature opposing price-marking legislation supported by consumers.

I can find nothing in the law which gives Mr. Rees the right or authority to intervene in the affairs of state legislatures. Since he heads the President's Council on Wage and Price Stability, I urge you to use your good offices to give him clear instructions that he is exceeding the authority asked by you or granted to him by Congress.

Nowhere in your request for the creation of the Council, nor in the record of legislative intent, can I find even the slightest allusion to the director being permitted to lobby on behalf of partisan legislation at the state level.

Very truly yours,

James T. Housewright
International President

Enclosure

1975 MAY 14 AM 11:25

James T. Housewright
International
President

Peter L. Hall
International
Secy.-Treas.

Affiliated with
AFL-CIO & CLC

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON WAGE AND PRICE STABILITY
WASHINGTON, D.C. 20506

May 9, 1975

Mr. James T. Housewright
International President
Retail Clerks International
Association
1775 K Street, N.W.
Washington, D.C. 20006

Dear Mr. Housewright:

Thank you for your letter of May 9 concerning my telegram to Ohio State Representative Murdock. I replied to Representative Murdock's request for comment because we are concerned about how to increase productivity. Section 3(a) of the Council on Wage and Price Stability Act (PL 93-387) states that the Council "shall . . . focus attention on the need to increase productivity in both the public and the private sectors of the economy." Only increases in productivity will permit increases in wages without corresponding increases in prices. For this reason we believe that new technologies such as the automated checkstand deserve a fair trial before their potential is limited by legislation.

I am aware that the Retail Clerks International Association has strong views on the issue of the automated checkstand and price marking. If you or any member of your staff would like to discuss these, I would be happy to have a meeting at your convenience.

Sincerely yours,

Albert Rees

Albert Rees
Director

May 9, 1975

Mr. Albert Rees, Director
President's Council on Wage and Price Stability
3235 New Executive Office Building
Washington, D. C. 20506

Dear Mr. Rees:

We were shocked to read a report of your telegram to Ohio State representative Norman Murdock opposing price marking legislation.

Does this presage your lobbying federal and state legislatures on a wide range of consumer protection matters? Will you be opposing auto safety, air and water pollution, truth in labeling, and all other measures to promote the health, safety and economic well-being of consumers if they have costs attached to them?

While I am sure that the legislators will give your representations the short-shrift they deserve, I can't help but wonder about your using your appointive position to advocate industry positions.

I wouldn't want to accuse you of plagiarism, but Joe Danzansky, for one, expressed the precise same viewpoint much earlier than you. A coincidence perhaps?

Who is it that you speak for? The Administration? The Wage-Price Council? The supermarket industry? Individually? Or for more than one of the above?

If you are speaking in an official capacity, we wonder from whence you derive your authority. Or is this an official position on which the Council has voted as part of a deliberate pattern of pursuing a clear anti-consumer, pro-business course?

Is your statement to the Ohio legislature the result of some sort of independent survey conducted by your agency or did you simply swallow the industry line and then regurgitate it instantly to the Ohio legislature?

As you know, we vigorously opposed giving the Council greater power than it now possesses, but not its general overview and reporting of wage and price developments.

Your partisan and unauthorized broadside against protecting consumers from arrogant industry elimination of price marking indicates that our concern with more precisely defining the role of the Council should have been far greater. It is now.

Yours truly,

/s/ James T. Housewright

International President

JTH:WLD:sjm

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON WAGE AND PRICE STABILITY
726 JACKSON PLACE, N.W.
WASHINGTON, D.C. 20506

May 7, 1975

MEMORANDUM FOR CORRESPONDENTS:

For information call:
(202) 456-6757

Following is the text of a telegram Albert Rees, Director of the Council on Wage and Price Stability, sent to Representative Norman A. Murdock of the Ohio legislature in response to his request for a Council opinion on a bill which would compel prices to appear on grocery store items:

> We are informed that H. 720, a bill to require prices in arabic numbers to be marked on merchandise displayed for sale, is being considered by the Ohio legislature. Such bills would deprive consumers of much of the considerable savings to be achieved through automated checkstands. Such systems should be given a complete and fair test to ascertain whether or not adequate price information can be given consumers through shelf labels and itemized receipts. H. 720 would prevent testing and therefore, we urge that it be defeated.

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CWPS-41

Anti-Lobbying
(no desk file necessary)

May 23, 1975

MEMORANDUM FOR: DON RUMSFELD
JACK MARSH
PHIL BUCHEN

FROM: MAX FRIEDERSDORF

SUBJECT: Criticism of Administration Lobbying by Congressman John McFall (D-Calif.) Majority Whip of the House

Attached is a copy of Congressman McFall's remarks in the Congressional Record of Tuesday, May 20, 1975 concerning administration lobbying efforts on the recent strip mining veto.

I discussed this with Jack Marsh and Phil Buchen because of the very strong language used by Congressman McFall.

Charlie Leppert of our staff has also reported receiving a veiled threat from a union lobbist during our recent activities on the President's veto.

The threat was in the form of a comment that it might be well that Administration witnesses be called before a Senate committee investigating lobbying activities.

sponsive to them as intended by the Act. I regret I am unable to meet your requested deadline, but trust you will appreciate our situation and continue your cooperation in this regard.

On May 7, 1975, I answered Mr. Kelley requesting information as to the number and nature of the Executive order which, according to his letter, justified the continued classification of documents.

I indicated to Mr. Kelley that I would wait until May 19, 1975, for the information promised on February 26, 1975. I indicated to the Director of the FBI that, if the promised information is not delivered on May 19, I would be required to state publicly that the FBI is in violation of the letter and the spirit of the Freedom of Information Act.

On May 12, 1975, Mr. Kelley answered my letter with repeated excuses enunciated in the following paragraph:

I intended in my letter dated May 6th to convey the impact of an unanticipated volume of FOIA requests, which during the month of April totaled 1,789, upon the actual processing of records under the Act. We have made every effort to respond to citizen requests within the ten-day period to acknowledge receipt of inquiries and advise if, in fact, we maintain records concerning them. In those instances where voluminous records are involved, we have made it a practice to so advise the citizen, and to point out to him the necessity of an extension of time to conduct the actual processing under the FOIA.

Mr. Kelley then went on to state that—

Our records reveal you have not been the subject of an FBI investigation.

He then continued by stating that—

Numerous references to you are contained in investigations conducted by the FBI concerning other subject matters. While some of these references consist of public source data, such as newspaper clippings which may be released without review, others require determinations involving third party privacy, confidential source information and other considerations under the FOIA.

Mr. Kelley concluded by stating that—

Every effort will be made to complete processing of your request within the next ten to fifteen days.

On or around May 14, 1975, I had a call from an Inspector of the FBI asking if I would withdraw my statement that after May 19, I would be required to state that the FBI was in violation of the letter and the spirit of the Freedom of Information Act. Since this gentleman gave me no reason to do so, I declined this suggestion. I so wrote to Mr. Kelley on May 16, 1975.

Mr. Speaker, it is distressing to find one of the central law enforcement agencies of the Federal Government violating so openly the provisions of the Freedom of Information Act. Section 552(6)(A) of that Act as amended in 1974 stipulates that each agency shall dteermine within 10 days after the receipt of a request whether to comply with such request and shall immediately notify the person making the request of the determination.

The Freedom of Information Act specifies that "in unusual circumstances" the time limits "may be extended by written notice to the person making" the request. The written notice must contain the "reasons for such extension and a date on which the determination is expected to be dispatched." Even in such circumstances, however, no notice "shall specify a date that would result in extension for more than 10 working days."

In view of the lapse of a time of longer than 20 working days between my original inquiry to Mr. Kelley on February 25 and my second request on April 30, the provision for an extension up to 10 working days has no applicability in this case.

What is particularly distressing in this case, Mr. Speaker, is the fact that the FBI spends such an enormous amount of time in keeping files on persons totally uninvolved in law enforcement or in those inquiries made by the FBI pursuant to a possible of a nomination of an individual to a Federal office. Mr. Kelley has conceded that the FBI has never investigated me at any time, for any purpose. Nonetheless, the FBI apparently has a file on me. Mr. Edward Levi, the new Attorney General, recently admitted to a subcommittee of the House Judiciary Committee that the FBI has 6.5 million files on American citizens.

I agree completely, Mr. Speaker, with the overwhelming number of my constituents who, in a recent questionnaire responded to by 12,105, voted 86 to 14 against the FBI gathering information about American citizens which is not related to a criminal investigation.

The impact of lawlessness engaged in by a law enforcement agency of the Federal Government can hardly be exaggerated. I reluctantly must conclude that the FBI has acted in a lawless manner in failing to comply with the basic provisions of the Freedom of Information Act.

There are avenues of appeal, including a lawsuit in the Federal courts. It may be that I will be required to pursue that particular avenue. The objective of such a lawsuit would be to reenforce by a judicial decree the mandate of the Congress which requires the FBI to respond to requests made under the Freedom of Information Act within 10 working days. One would hope that it would not take the directives of two branches of Government to compel the FBI to follow the law. If such action is required to curb the lawlessness of the FBI, I will seek a court decree.

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The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. FRASER) is recognized for 5 minutes.

[Mr. FRASER addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

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## STATUS REPORT ON EQUAL CREDIT OPPORTUNITY BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, the House was scheduled to take up, under suspension, today my bill, H.R. 6516, the Equal Credit Opportunity Act Amendments of 1975.

Several Members of Congress, particularly the gentleman from Maryland (Mr. MITCHELL), were concerned that one section of the bill might cause problems with some recent court decisions in civil rights cases. Since the purpose of my bill is to prevent discrimination in the granting of credit based on race, color, religion, national origin and age and is in no way designed to affect court decisions already on the books, I was indeed concerned that the questionable section might result in just such an outcome.

Therefore, I was happy to agree to the request that the bill not be taken up under suspension today in order that the bill could be carefully reviewed and that it could be amended to insure that civil rights case laws could not be affected.

I am satisfied in my own mind that the bill in no way interferes with court decisions, but since there is a division of opinion among several of my colleagues, I was more than happy to withdraw the bill in order to avoid the possibility that the bill might have an unfortunate effect.

When the bill is considered under suspension on June 3, I have stated that I would support an amendment to remove the questionable section. This bill is so important, in that it will be the first time credit discrimination is banned in all aspects of credit granting, that I do not want any side issues to cloud the landmark nature of this issue.

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## ILLEGAL LOBBYING BY EMPLOYEES OF THE EXECUTIVE BRANCH

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. MCFALL) is recognized for 5 minutes.

Mr. MCFALL. Mr. Speaker, tomorrow, May 21, the House will consider the President's veto of the strip mining bill.

This is a controversial matter, and opinions are strongly held on both sides of the question. Proponents of the bill maintain that it is a measure vital to a sound environmental policy; opponents reply with the same level of conviction that it is not.

Unfortunately, however, the executive branch—in its zeal to see that the President's veto is upheld—seems to have forgotten that lobbying by Government employees is not only illegal but a violation of the Federal criminal code.

Members of the House have been besieged with telephone calls and visits from various employees of interested and noninterested agencies, all delivering the same orchestrated message, that the President's veto must be upheld.

Mr. Speaker, it would be unfortunate if some hapless employee of the executive branch had to be prosecuted under section 1913, title 18, United States Code merely to demonstrate to the White

House that the prohibition on lobbying with appropriated money is still alive and well in the statute books.

I include at this point in the RECORD the appropriate section of the code, for the edification of the persons in question, and in the hope that this is the last we shall have to hear of such matters.

§ 1913. Lobbying with appropriated moneys.

No part of the money appropriated by any enactment of Congress shall, in the absence of express authorization by Congress, be used directly or indirectly to pay for any personal service, advertisement, telegram, telephone, letter, printed or written matter, or other device, intended or designed to influence in any manner a Member of Congress, to favor or oppose, by vote or otherwise, any legislation or appropriation by Congress, whether before or after the introduction of any bill or resolution proposing such legislation or appropriation; but this shall not prevent officers or employees of the United States or of its departments or agencies from communicating to Members of Congress on the request of any Member or to Congress, through the proper official channels, requests for legislation or appropriations which they deem necessary for the efficient conduct of the public business.

Whoever, being an officer or employee of the United States or of any department or agency thereof, violates or attempts to violate this section, shall be fined not more than $500 or imprisoned not more than one year, or both; and after notice and hearing by superior officer vested with the power of removing him, shall be removed from office or employment. (June 25, 1948, ch. 645, 62 Stat. 792.)

## LOCAL PUBLIC WORKS CAPITAL DEVELOPMENT AND INVESTMENT ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut (Mr. DODD) is recognized for 5 minutes.

Mr. DODD. Mr. Speaker, the Local Public Works Capital Development and Investment Act provides assistance for local public works projects in areas hard hit by the economic recession—those areas with a high rate of unemployment.

The morale of families and entire communities is at a very low ebb. The helplessness felt by a breadwinner trying to keep his family together, the desire for independence, only to stand in an unemployment line, is not seen in statistics on the Nation's unemployment figures. There is no way that the economy could improve quickly enough to provide the needed employment and the public service assistance provided for by this bill. This aid is needed now.

The Second District of Connecticut, which I represent, includes three of the lowest labor market areas in the State in both wage rates and per capita income. The Danielson labor market area is approaching a 20-percent unemployment figure, and closely behind Danielson, is the Norwich area at 12 percent and the Willimantic area at 10.5 percent. These areas could immediately take advantage of $34.5 million of the $5 billion authorized for this act. This would be for projects that could be begun immediately, except that there is no funding available. Small towns and small projects often lose out to large metropolitan areas when it comes to funding of our large Federal programs. But these projects are not small to these towns, they are of vital importance. At the same time that public facilities will be constructed, or improved, vital employment will be provided for many hundreds of people presently outside of the labor force.

In the Second District, in the depressed areas, several water and sewer projects that were not included in Federal programs could be begun immediately. Central business districts could be revitalized, industrial parks could be developed, road improvement projects would commence. One town, Norwich, is in need of a new police station, but local and State funds are not available. One of our community colleges, Quinnebaugh, is existing without a campus although the plans have been drawn up for the construction of their first building. At present they are conducting night classes in the local high school. No funds are available for the construction. And in many of these areas, hundreds of people are hunting frantically and, unfortunately, futilely, for jobs.

I can think of no better way to provide assistance for many local economies, and at the same time, produce much-needed public facilities, than by using the manpower that is idle at the present time.

I would hope that this Congress will think of those unemployed people in need of a hard day's work, and the projects that without this kind of program, would never be completed.

## HOUSE RESOLUTION 457, 92D CONGRESS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. HAYS) is recognized for 10 minutes.

Mr. HAYS of Ohio. Mr. Speaker, House Resolution 457, 92d Congress enacted by Public Law 92–184 into permanent law on December 15, 1971, provides the Committee on House Administration the authority to fix and adjust from time to time various allowances of members, the Resident Commissioner from Puerto Rico or a Delegate to the House of Representatives. Pursuant to this authority the committee has issued order No. 19, effective this date, order No. 20, effective June 1, 1975, order No. 21, effective June 1, 1975, and order No. 22, effective for the 94th Congress. Committee order No. 19 modifies and supersedes committee orders No. 2 and 2—revised. Committee order No. 22 cancels and supersedes committee order No. 7, and modifies and supersedes committee order No. 9:

COMMITTEE ORDER No. 19

*Resolved*, that effective this date, until otherwise provided by order of the Committee on House Administration;

(a) The contingent fund of the House of Representatives is made available for reimbursement of transportation expenses incurred by Members (including the Resident Commissioner from Puerto Rico, the Delegates from the District of Columbia, the Virgin Islands, and Guam) in traveling, on official business, by the nearest usual route, between Washington, District of Columbia, and any point in the district which he represents, for not more than 26-round trips during each session of Congress (at the discretion of the Member, Resident Commissioner and Delegates no more than 6 of the 26-round trips may be allocated to the employees of their offices), such reimbursement to be made in accordance with rules and regulations established by the Committee on House Administration of the House of Representatives.

(b) The contingent fund of the House of Representatives is made available for reimbursement of transportation expenses incurred by employees in the office of a Member (including the Resident Commissioner from Puerto Rico, the Delegates from the District of Columbia, the Virgin Islands, and Guam) in traveling, on official business, by the nearest usual route, between Washington, District of Columbia, and any point in the Congressional district represented by the Member, for not more than 6-round trips during each session of Congress Such payment shall be made only upon the receipt of a voucher approved by the Member, containing a certification by him stating that such travel was performed on official business. The Committee on House Administration shall make such rules and regulations as may be necessary to carry out this section.

(c) A Member of the House of Representatives (including the Resident Commissioner from Puerto Rico, the Delegates from the District of Columbia, the Virgin Islands, and Guam) may elect to receive in each session of Congress, in lieu of reimbursement of transportation expenses for each session of Congress as authorized in paragraph (a) above, a lump sum transportation payment of $2,250 for each session of Congress. The Committee on House Administration of the House of Representatives shall make such rules and regulations as may be necessary to carry out this section.

(d) This order shall not affect any allowance for travel of Members of the House of Representatives (including the Resident Commissioner from Puerto Rico, the Delegates from the District of Columbia, the Virgin Islands, and Guam) which is authorized to be paid from funds other than the contingent fund of the House of Representatives.

COMMITTEE ORDER No. 20

*Resolved*, That effective June 1, 1975, until otherwise provided by order of the Committee on House Administration, each Member of the House of Representatives, the Resident Commissioner from Puerto Rico, and the Delegates from the District of Columbia, the Virgin Islands, and Guam shall be entitled to an additional annual clerk hire allowance of $22,500. There shall be paid out of the contingent fund of the House of Representatives such sums as may be necessary to carry out this order until otherwise provided by law.

COMMITTEE ORDER No. 21

*Resolved*, That effective June 1, 1975, until otherwise provided by order of the Committee on House Administration, each Member of the House of Representatives, Delegate and Resident Commissioner shall be entitled to a constituent communication's allowance equivalent to the fair market value of the printing and production costs of two standard 11x17 inch congressional districtwide constituent reports per annum for use in production and printing of newsletters, questionnaires or similar correspondence eligible to be mailed under the frank. The Committee on House Administration shall make such rules and regulations as may be necessary to establish the fair market value of the cost of printing and production of two standard 11x17 inch congressional districtwide

Anti Lobbying
5/16/75

COMMENTS ON CHARGE BY CONGRESSMAN McFALL OF WRONGFUL LOBBYING BY EXECUTIVE BRANCH EMPLOYEES WHO COMMUNICATE DIRECTLY WITH THE CONGRESS

Communications from officials of the Executive Branch to members of the Congress following the President's veto of the Strip Mining bill were not extraordinary in terms of frequency or expressed levels of interest. Rather, it was entirely consistent with the continuing dialogue between the two Branches which operates to their mutual benefit.

Two antilobbying provisions are relevant to the conduct of any Executive Branch office. First, 18 U.S.C. 1913 generally proscribes the utilization of appropriated funds to influence in any manner a Member of Congress to favor or oppose any legislation or appropriation. Second, a direct appropriation restriction to the same effect is contained in Section 607(a) of the General Appropriations Act of 1975. Provisions similar to Section 607(a) have been attached to appropriation acts since 1951.

Neither of these provisions is intended to eliminate the President, with the assistance of his subordinates, as an active power in legislation.

A review of the legislative history of the statutes indicates that they are intended for the same purpose -- to control attempts by the Executive Branch to influence the Congress through the public. They are not intended to restrict direct communications between high-ranking officials in the Executive Branch and members of the Congress. Any claim that members of Congress want to be protected by this statute from communications directly from Executive Branch officials belittles the capacity of Senators and Representatives to evaluate the merits of such communications and to reject views they find without merit.

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ir. Kelley concluded by stating that—

very effort will be made to complete proc- g of your request within the next ten to en days.

n or around May 14, 1975, I had a from an Inspector of the FBI ask- if I would withdraw my statement t after May 19, I would be required state that the FBI was in violation the letter and the spirit of the Free- n of Information Act. Since this gen- nan gave me no reason to do so, I lined this suggestion. I so wrote to Kelley on May 16, 1975.

Mr. Speaker, it is distressing to find of the central law enforcement ncies of the Federal Government vio- ing so openly the provisions of the edom of Information Act. Section (6)(A) of that Act as amended in 4 stipulates that each agency shall ermine within 10 days after the re- pt of a request whether to comply h such request and shall immediately ify the person making the request of determination.

The Freedom of Information Act ecifies that "in unusual circum- nces" the time limits "may be ex- tended by written notice to the person making" the request. The written notice must contain the "reasons for such extension and a date on which the determination is expected to be dispatched." Even in such circumstances, however, no notice "shall specify a date that would result in extension for more than 10 working days."

In view of the lapse of a time of longer than 20 working days between my original inquiry to Mr. Kelley on February 25 and my second request on April 30, the provision for an extension up to 10 working days has no applicability in this case.

What is particularly distressing in this case, Mr. Speaker, is the fact that the FBI spends such an enormous amount of time in keeping files on persons totally uninvolved in law enforcement or in those inquiries made by the FBI pursuant to a possible of a nomination of an individual to a Federal office. Mr. Kelley has conceded that the FBI has never investigated me at any time for any purpose. Nonetheless, the FBI apparently has a file on me, Mr. Edward Levi, the new Attorney General, recently admitted to a subcommittee of the House Judiciary Committee that the FBI has 6.5 million files on American citizens.

I agree completely, Mr. Speaker, with the overwhelming number of my constituents who, in a recent questionnaire responded to by 12,105, voted 86 to 14 against the FBI gathering information about American citizens which is not related to a criminal investigation.

The impact of lawlessness engaged in by a law enforcement agency of the Federal Government can hardly be exaggerated. I reluctantly must conclude that the FBI has acted in a lawless manner in failing to comply with the basic provisions of the Freedom of Information Act.

There are avenues of appeal, including a lawsuit in the Federal courts. It may be that I will be required to pursue that particular avenue. The objective of such a lawsuit would be to reenforce by a judicial decree the mandate of the Congress which requires the FBI to respond to requests made under the Freedom of Information Act within 10 working days. One would hope that it would not take the directives of two branches of Government to compel the FBI to follow the law. If such action is required to curb the lawlessness of the FBI, I will seek a court decree.

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The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. FRASER) is recognized for 5 minutes.

[Mr. FRASER addressed the House. His remarks will appear hereafter in the Extensions of Remarks.]

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## STATUS REPORT ON EQUAL CREDIT OPPORTUNITY BILL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, the House was scheduled to take up, under suspension, today my bill, H.R. 6516, the Equal Credit Opportunity Act Amendments of 1975.

Several Members of Congress, particularly the gentleman from Maryland (Mr. MITCHELL), were concerned that one section of the bill might cause problems with some recent court decisions in civil rights cases. Since the purpose of my bill is to prevent discrimination in the granting of credit based on race, color, religion, national origin and age and is in no way designed to affect court decisions already on the books, I was indeed concerned that the questionable section might result in just such an outcome.

Therefore, I was happy to agree to the request that the bill not be taken up under suspension today in order that the bill could be carefully reviewed and that it could be amended to insure that civil rights case laws could not be affected.

I am satisfied in my own mind that the bill in no way interferes with court decisions, but since there is a division of opinion among several of my colleagues, I was more than happy to withdraw the bill in order to avoid the possibility that the bill might have an unfortunate effect.

When the bill is considered under suspension on June 3, I have stated that I would support an amendment to remove the questionable section. This bill is so important, in that it will be the first time credit discrimination is banned in all aspects of credit granting, that I do not want any side issues to cloud the landmark nature of this issue.

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## ILLEGAL LOBBYING BY EMPLOYEES OF THE EXECUTIVE BRANCH

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. MCFALL) is recognized for 5 minutes.

Mr. MCFALL. Mr. Speaker, tomorrow, May 21, the House will consider the President's veto of the strip mining bill.

This is a controversial matter, and opinions are strongly held on both sides of the question. Proponents of the bill maintain that it is a measure vital to a sound environmental policy; opponents reply with the same level of conviction that it is not.

Unfortunately, however, the executive branch—in its zeal to see that the President's veto is upheld—seems to have forgotten that lobbying by Government employees is not only illegal but a violation of the Federal criminal code.

Members of the House have been besieged with telephone calls and visits from various employees of interested and noninterested agencies, all delivering the same orchestrated message: that the President's veto must be upheld.

Mr. Speaker, it would be unfortunate if some hapless employee of the executive branch had to be prosecuted under section 1913, title 18, United States Code merely to demonstrate to the White

House that the prohibition on lobbying with appropriated money is still alive and well in the statute books.

I include at this point in the RECORD the appropriate section of the code, for the edification of the persons in question, and in the hope that this is the last we shall have to hear of such matters.

§ 1913. Lobbying with appropriated moneys.

No part of the money appropriated by any enactment of Congress shall, in the absence of express authorization by Congress, be used directly or indirectly to pay for any personal service, advertisement, telegram, telephone, letter, printed or written matter, or other device, intended or designed to influence in any manner a Member of Congress, to favor or oppose, by vote or otherwise, any legislation or appropriation by Congress, whether before or after the introduction of any bill or resolution proposing such legislation or appropriation; but this shall not prevent officers or employees of the United States or of its departments or agencies from communicating to Members of Congress on the request of any Member or to Congress, through the proper official channels, requests for legislation or appropriations which they deem necessary for the efficient conduct of the public business.

Whoever, being an officer or employee of the United States or of any department or agency thereof, violates or attempts to violate this section, shall be fined not more than $500 or imprisoned not more than one year, or both; and after notice and hearing by superior officer vested with the power of removing him, shall be removed from office or employment. (June 25, 1948, ch. 645, 62 Stat. 792.)

## LOCAL PUBLIC WORKS CAPITAL DEVELOPMENT AND INVESTMENT ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Connecticut (Mr. DODD) is recognized for 5 minutes.

Mr. DODD. Mr. Speaker, the Local Public Works Capital Development and Investment Act provides assistance for local public works projects in areas hard hit by the economic recession—those areas with a high rate of unemployment.

The morale of families and entire communities is at a very low ebb. The helplessness felt by a breadwinner trying to keep his family together, the desire for independence, only to stand in an unemployment line, is not seen in statistics on the Nation's unemployment figures. There is no way that the economy could improve quickly enough to provide the needed employment and the public service assistance provided for by this bill. This aid is needed now.

The Second District of Connecticut, which I represent, includes three of the lowest labor market areas in the State in both wage rates and per capita income. The Danielson labor market area is approaching a 20-percent unemployment figure, and closely behind Danielson, is the Norwich area at 12 percent and the Willimantic area at 10.5 percent. These areas could immediately take advantage of $34.5 million of the $5 billion authorized for this act. This would be for projects that could be begun immediately, except that there is no funding available. Small towns and small projects often lose out to large metropolitan areas when it comes to funding of our large Federal programs. But these projects are not small to these towns, they are of vital importance. At the same time that public facilities will be constructed, or improved, vital employment will be provided for many hundreds of people presently outside of the labor force.

In the Second District, in the depressed areas, several water and sewer projects that were not included in Federal programs could be begun immediately. Central business districts could be revitalized, industrial parks could be developed, road improvement projects would commence. One town, Norwich, is in need of a new police station, but local and State funds are not available. One of our community colleges, Quinnebaugh, is existing without a campus although the plans have been drawn up for the construction of their first building. At present they are conducting night classes in the local high school. No funds are available for the construction. And in many of these areas, hundreds of people are hunting frantically and, unfortunately, futilely, for jobs.

I can think of no better way to provide assistance for many local economies, and at the same time, produce much-needed public facilities, than by using the manpower that is idle at the present time.

I would hope that this Congress will think of those unemployed people in need of a hard day's work, and the projects that without this kind of program, would never be completed.

## HOUSE RESOLUTION 457, 92D CONGRESS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. HAYS) is recognized for 10 minutes.

Mr. HAYS of Ohio. Mr. Speaker, House Resolution 457, 92d Congress enacted by Public Law 92-184 into permanent law on December 15, 1971, provides the Committee on House Administration the authority to fix and adjust from time to time various allowances of members, the Resident Commissioner from Puerto Rico or a Delegate to the House of Representatives. Pursuant to this authority the committee has issued order No. 19, effective this date, order No. 20, effective June 1, 1975, order No. 21, effective June 1, 1975, and order No. 22, effective for the 94th Congress. Committee order No. 19 modifies and supersedes committee orders No. 2 and 2—revised. Committee order No. 22 cancels and supersedes committee order No. 7, and modifies and supersedes committee order No. 9:

COMMITTEE ORDER No. 19

*Resolved*, that effective this date, until otherwise provided by order of the Committee on House Administration;

(a) The contingent fund of the House of Representatives is made available for reimbursement of transportation expenses incurred by Members (including the Resident Commissioner from Puerto Rico, the Delegates from the District of Columbia, the Virgin Islands, and Guam) in traveling, on official business, by the nearest usual route between Washington, District of and any point in the district whi resents, for not more than 26-r during each session of Congress ( cretion of the Member, Residen sioner and Delegates no more tha 26-round trips may be allocat employees of their offices), such ment to be made in accordance and regulations established by th tee on House Administration of th Representatives.

(b) The contingent fund of th Representatives is made available bursement of transportation ex curred by employees in the office o (including the Resident Commiss Puerto Rico, the Delegates from t of Columbia, the Virgin Islands, a in traveling on official busines nearest usual route, between W District of Columbia, and any po Congressional district represent Member, for not more than 6-r during each session of Congress ment shall be made only upon th a voucher approved by the Membe ing a certification by him stating travel was performed on official The Committee on House Adm shall make such rules and regulati be necessary to carry out this se

(c) A Member of the House of R tives (including the Resident Co from Puerto Rico, the Delegates District of Columbia, the Virgin I Guam) may elect to receive in e of Congress, in lieu of reimbu transportation expenses for each Congress as authorized in para above, a lump sum transportatio of $2,250 for each session of Co Committee on House Administrat House of Representatives shall rules and regulations as may be n carry out this section.

(d) This order shall not affect ance for travel of Members of th Representatives (including the Commissioner from Puerto Rico, gates from the District of Col Virgin Islands, and Guam) whi thorized to be paid from funds the contingent fund of the Representatives.

COMMITTEE ORDER No. 2

*Resolved*, That effective June 1, otherwise provided by order of th tee on House Administration, ea of the House of Representatives, dent Commissioner from Puerto the Delegates from the District of the Virgin Islands, and Guam sh titled to an additional annual cle lowance of $22,500. There shall b of the contingent fund of the Hou resentatives such sums as may be to carry out this order until oth vided by law.

COMMITTEE ORDER No. 2

*Resolved*, That effective June 1, otherwise provided by order of th tee on House Administration, ea of the House of Representatives and Resident Commissioner shall to a constituent communication's equivalent to the fair market va printing and production costs of ard 11x17 inch congressional c constituent reports per annum production and printing of newsle tionnaires or similar correspondenc to be mailed under the frank. Th tee on House Administration shall rules and regulations as may be to establish the fair market val cost of printing and production of ard 11x17 inch congressional d

Lobbying

THE WHITE HOUSE
WASHINGTON

Eva:

I think Ken or Dudley have been working on this question.

Kindly ask the one involved to look at this memo & provide me with comments P.

THE WHITE HOUSE

WASHINGTON

June 17, 1975

MEMORANDUM FOR: PHIL BUCHEN

FROM: JACK MARSH

The recent intensive activity on the Hill, particularly in reference to the veto vote, has given rise to Congressional criticism concerning lobbying practices by the Administration.

In fact, I believe you are aware that the senior Democratic leaders have charged there have been violations of the Anti-Lobbying Law by Administration representatives. These violations are not precisely identified. It is my own view that our people operated within the law, but I think we need to be constantly alert to the limitations imposed by the Act.

Accepting the general observation of the ambiguity of the statute and the confusion as to what is prohibited, including lack of definitions, I am of the view that it would be helpful to pull together a rather concise discussion paper written in laymen's language, setting forth dos and don'ts and citing examples of what can and cannot be done.

It is my observation there are two basic areas of concern. One of these is the limitations imposed upon an official of government, and the second is limitations that are imposed on an individual lobbying from the private sector. It is my recollection that the Anti-Lobbying Act is directed at Federal personnel and that other statutes are aimed at the private sector, which is also confusing and vague. Speaking from memory, I think the Corrupt Practices Act may apply to the private sector and its interpretation may offer guidance to those in Federal service.

Although I cannot recall the citation, there is a rather exhaustive and well known article on this subject in a major Law Review. It is the type of article to which frequent reference has been made, and may be readily identifiable to some of your staff.

If you could please pull something together, it might even be helpful to have a meeting with the legislative people and have an orientation meeting in order to give them a better understanding of the subject.

Many thanks.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

Sent copy to Phil B. Col'y sent 6/23

JUN 20 1975

MEMORANDUM FOR PHILIP BUCHEN

FROM: James T. Lynn

SUBJECT: Prohibitions Against Executive Branch Lobbying

As you are aware, a good deal of misunderstanding surrounds the "antilobbying" prohibitions of 18 U.S.C. 1913. I think that new cabinet officers, in particular, are sometimes unaware of either its reach or limitations.

If I am correct, you or Max Friedersdorf may want to raise the issue with individual cabinet officers as opportunities to do so arise.

THE WHITE HOUSE

WASHINGTON

July 7, 1975

MEMORANDUM FOR: PHIL BUCHEN

FROM: JACK MARSH

As you are probably aware, the President is seeking legislation in the House to modify the present restrictions on military aid to Turkey. It is expected that House Committee action will begin this week with Floor action probably within the next 10 days.

One of the groups that is most interested in this legislation is the Greek community in the United States. In addition to the AHEPA organization, there have been a number of leaders in the Greek community who have been spokesmen on this subject.

The suggestion has been made that concurrently with the committee's consideration, or shortly thereafter, of this proposal to modify the Turkish ban there should be brought in for a briefing and discussion principle spokesmen for the Greek community including key leaders of AHEPA. This would be in the nature of a briefing and outline of the Administration's proposal in order that they might have a better understanding of the issues involved.

Considering the approach as a possible course of action, the purpose of this memo is to inquire whether there is any prohibition against such a plan in light of the statute against lobbying. Secondly, are there certain guidelines that might be suggested whereby such a program can be undertaken in order to avoid any problems with the anti-lobbying statute.

If this proposal is undertaken, it would probably be under the auspices of the Baroody operation mechanically, but the substance would be made by experts in the field, i.e. State, NSC, Defense, etc. The program would be presented at the White House complex probably in the Theater in the West Wing.

Your comments and suggestions on this would be much appreciated.

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THE WHITE HOUSE

WASHINGTON

July 15, 1975

MEMORANDUM FOR: JACK MARSH

THROUGH: PHIL BUCHEN P.W.B.

FROM: KEN LAZARUS KL

SUBJECT: Anti-Lobbying Statute/
Military Aid to Turkey

This is in response to your inquiry of July 7 requesting our views of the impact of the Federal anti-lobbying provision (18 U.S.C. 1913) on an anticipated briefing for Greek community leaders relative to legislation to modify the present restrictions on military aid to Turkey.

It is our view that such a briefing would fall within the valid "information and explanation" functions of the Administration and thus would not run afoul of the anti-lobbying provision. However, in response to possible problems of appearance, we would suggest: (1) that invitations make reference to the invitees "expressed interest in the subject"; and (2) that the tone of the briefing be consistent with your intent in "informing" the participants as opposed to generating any "publicity or propaganda" with the purpose of directly influencing Members of Congress.