

**[1/2/79-Not Submitted] [CF, O/A 548]**

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THE WHITE HOUSE  
WASHINGTON

Date: 1/2/79

MEMORANDUM

FOR ACTION:

Stu Eizenstat - Hold until 1/26  
Jim McIntyre *concur*

FOR INFORMATION:

The Vice President  
Frank Moore (Les Francis)  
Charlie Schultze  
Alfred Kahn

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Foreman Letter re Meat Import Proclamation

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:

TIME: 12:00 PM

DAY: Thursday

DATE: 04 January 1978

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

**PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.**

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

*1/26 - Stu hold*  
*1/20 - Stu hold per Lynn*  
*2/5 - State still want to hold - per Lynn*  
*2/22 - want call back*

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FOR ACTION  
FYI

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<input type="checkbox"/>	WEDDINGTON
<input type="checkbox"/>	WISE
<input type="checkbox"/>	VOORDE

ADMIN. CONFIDEN.  
CONFIDENTIAL  
SECRET  
EYES ONLY



DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

DEC 29 1978

The President  
The White House  
Washington, D. C. 20500

Dear Mr. President:

This is to advise you that, pursuant to Section 2 of Public Law 88-482 (the Meat Import Act), I have made the first estimate of the aggregate quantity of fresh, chilled, or frozen cattle meat (TSUS 106.10) and fresh, chilled, or frozen meat of goats and sheep, except lamb (TSUS 106.20) which would, in the absence of limitations under the Act, be imported during the 1979 calendar year.

The adjusted base quantity for the 1979 calendar year is estimated at 1,131.6 million pounds, and the first estimate of imports during 1979 is 1,570.0 million pounds. This estimate is based upon the successful completion of a restraint program being negotiated by the Department of State with major supplying countries. Were it not for the expected restraint program, the estimate of imports would have been higher.

Since the estimated quantity to be imported exceeds 110 percent of the adjusted base quantity, import limitations are required to be imposed unless suspended by you pursuant to Section 2 (d) of the Act.

Enclosed is a proclamation to accomplish this. It would limit imports to the adjusted base quantity of 1,131.6 million pounds, but it would at the same time suspend the limitation on the basis that the supply of meat articles subject to the Act will otherwise be inadequate to meet domestic demand at reasonable prices.

As required by the Act, I will advise you of changes in import prospects that may occur when the second quarterly estimate is made on or before April 1, 1979.

Respectfully yours,

*Carol Tucker Foreman*

Acting Secretary

Quantitative Limitation On The Importation  
Of Certain Meat

By the President of the United States of America

A Proclamation

The Act of August 22, 1964 (78 Stat. 594; 19 U.S.C. 1202 note), provides for the limitation of certain meat imports if import estimates exceed 110 percent of an adjusted base quantity for that year. The limitation applies to fresh, chilled, or frozen cattle meat and fresh, chilled, or frozen meat of goats and sheep, except lamb.

The Secretary of Agriculture has determined in accord with Section 2(b)(1) of the Act that the adjusted base quantity of meat for the calendar year 1979 is 1131.6 million pounds. The Secretary has estimated (in the 1979 first quarterly estimate) that the aggregate imports of meat for 1979 will be 1,570.0 million pounds. This estimate exceeds 110 percent of the adjusted based quantity for 1979.

In accord with Section 2(c) of the Act, the President must limit the import of meat to the adjusted base quantity for 1979 of 1131.6 million pounds, unless he increases or suspends that limitation pursuant to Section 2(d) of the Act.

NOW, THEREFORE, I, JIMMY CARTER, President of the United States of America, by the authority vested in me by Section 2 of the Act, do hereby proclaim as follows:

1. The total quantity of the articles specified in item 106.10 (relating to fresh, chilled, or frozen meat) and item 106.20 (relating to fresh, chilled, or frozen meat of goats and sheep (except lamb)) of part 2B, schedule 1 of the Tariff Schedules of the United States, which may be entered, or withdrawn from warehouse, for consumption during the calendar year 1979, is limited to 1131.6 million pounds.



Bill J. ✓

MEMORANDUM

Date: 1/2/79

FOR ACTION:  
Stu Eizenstat

FOR INFORMATION:  
Landon Butler

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Marshall memo re Minimum Wage and Davis-Bacon

YOUR RESPONSE MUST BE DELIVERED  
TO THE STAFF SECRETARY BY:  
TIME: 12:00 Noon  
DAY: Thursday  
DATE: 04 January 1979

ACTION REQUESTED:

Other:  Your comments

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

1/6/79 — moot  
Stu Eizenstat

THE WHITE HOUSE

WASHINGTON

Date: 1/2/79

MEMORANDUM

**FOR ACTION:**

Stu Eizenstat - comment  
27P 1-6

**FOR INFORMATION:**

Landon Butler  
Kahn

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I concur.

No comment.

*Please note other comments below:*

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U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

DEC 29 1978

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, *Ray Marshall*

SUBJECT: Minimum Wage and Davis-Bacon

I strongly recommend that you decide not to seek changes in either the minimum wage or Davis-Bacon legislation. I further recommend that these decisions be made known prior to your January 12th meeting with George Meany and other labor leaders. I have mentioned to you before the political problems these changes will create with even moderate and sympathetic union leaders. I believe you should not be in the position of appearing to make these decisions under pressure from Mr. Meany. Therefore, these decisions should be made prior to the meeting and you should instruct me to communicate them informally to our major union supporters. Knowledge of your position will clear the air and lead to a more fruitful discussion with the AFL-CIO than might otherwise be the case.

A. The Minimum Wage

On January 1 of 1979, the minimum wage will increase to \$2.90 per hour. All observers agree that this increase is beyond the reach of any policy action. The increase scheduled for January 1, 1980 is to \$3.10, an increase of 6.9 percent. The last increase included in the current law is to \$3.35 per hour on January 1, 1981, an increase of 8 percent. The alternatives are to: a) leave the recently enacted law alone (which I recommend), b) postpone the 1980 and 1981 increases or, c) propose new legislation to establish some form of youth sub-minimum.

Postponement of the full minimum wage would have some minor impact on the inflation rate. You have, however, already decided that the low wage worker should not bear the brunt of the anti-inflation effort and have included a low wage exemption, equal to \$4.00 an hour, in the anti-inflation program. In my judgment, the anti-inflation

advantages of a postponement of the minimum wage increases would be quite small and would be borne principally by those who can least afford it. In addition, it is unlikely that such a change in legislation could be passed since the AFL-CIO has enough followers to tie it up in the legislative process. As a result, I do not believe that any of your advisors are recommending this alternative (b).

The anti-inflation advantages of the third alternative are even less compelling. Advocates of this stance usually rest their case on purported beneficial employment effects for young people. Although there will be some substitution of young people for adults as a result of a youth sub-minimum, I do not believe that such substitution is socially beneficial. In 1976, approximately 70 percent of workers earning less than \$2.50 an hour were adults. While a majority (52 percent) of low wage teenagers were in families with incomes above the median, the situation was very different for adults. Some 76.5 percent of low wage adult males and 75 percent of low wage adult females were in families with incomes below the median. Thus a youth sub-minimum will cause employers to substitute middle or upper class youngsters for poor adults, working mothers and female household heads. And your employment tax credit, which effectively cuts the employer cost of the minimum wage by 50 percent for poor youth next year, provides a very strong incentive to hire poor young people.

While a youth sub-minimum has more political appeal than a postponement of the minimum wage, I still believe it would be unwise. The political battle would put many of your Congressional supporters (both Democrat and Republican) in the position of having to either abandon labor on a basic issue or abandon the Administration in its anti-inflation battle. A decision to change the minimum wage law would also weaken your support by those in the labor movement who have backed the Administration. It would encourage the UAW, the Communications Workers, the Teamsters and others to unite in opposition to the Administration.

## B. Davis-Bacon (and the Service Contracts Act)

Critics of the Davis-Bacon and Service Contracts Acts contend that these acts are inflationary because they require the government to pay "prevailing" wages. The Act requires the government to pay the prevailing wage in the community. Its rationale is to insure that the government does not depress wages below what they otherwise would have been. In many cases contractors end up paying wage rates that exceed the Davis-Bacon wage. This occurs because the wage determination process has time lag. Therefore, true prevailing wages are often higher than the published Davis-Bacon wages at the time a construction contract is actually signed.

There is a need for a closer look at the ways in which these statutes have been administered. I am particularly concerned that the regulations governing the prevailing wage determinations be sound and defensible as being fully consistent with the statute and your anti-inflation efforts. We have been examining the wage determination formulas used under the Davis-Bacon Act because they have been alleged to be inequitable. In addition we are examining the process of determining the proper construction and craft classification under which wage determinations are made; the paperwork requirements under both the Davis-Bacon and Service Contracts Acts, and the appropriate geographic area for which determinations are made. These are representative of many longstanding questions raised by both employers and unions. These problems need to be addressed in a careful fashion. The important point is that these problems can, in general, be addressed through regulation and do not require legislative change.

There are substantial political problems with pursuing both legislative and administratively mandated changes in the prevailing wage laws. Organized labor views these laws as a Magna Carta of worker protection. It is very doubtful that proposed changes in these statutes would fare any better in the Congress than would a change in the minimum wage law. There would be equally violent

opposition from the labor movement. Administrative reform must be done in a way that allows organized labor and other interested parties to have a full and fair opportunity to participate.

C. Options

- (1) I agree with your analysis with respect to these matters. Proceed to notify major labor leaders of our decision to not make legislative changes in these Acts.
- (2) Let's discuss further.
- (3) Other