

The original documents are located in Box 25, folder “5/28/75 HR4481 Emergency Employment Appropriation Act 1975 (vetoed) (1)” of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.

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VETOED
5/28/75
Delivered to the Clerk
of the House 5/29/75
3 P.M.

5/27

THE WHITE HOUSE

ACTION

WASHINGTON

Last Day: June 2

May 26, 1975

Announced
3 P.M.

MEMORANDUM FOR

THE PRESIDENT

FROM:

JIM CANNON *J.C.*

SUBJECT:

Enrolled Bill H.R. 4481
Emergency Employment
Appropriation Act, 1975

Attached for your consideration is H.R. 4481, sponsored by Representative Mahon, which appropriates:

- \$4,729 million in budget authority,
- \$485 million in direct and insured loan authority, and
- \$92 million in appropriations to liquidate contract authority for the Departments of Agriculture, Commerce, Interior and Labor, the Corps of Engineers, General Services Administration, the Small Business Administration and other agencies.

The appropriations and loan authority provided by this enrolled bill are \$3.3 billion above your request of \$2,043 million for emergency employment.

A discussion of the features of the enrolled bill is provided in OMB's enrolled bill report at Tab A.

OMB recommends that you veto H.R. 4481 and issue the attached veto message. Bill Seidman, Max Friedersdorf, Phil Buchen (Lazarus) and I concur in OMB's recommendation. Marsh concurs.

RECOMMENDATION

That you sign the veto message at Tab B, which has been cleared by Paul Theis.

Approve *MC7*
veto message

Disapprove _____
veto message



— 5/29/75

Hold - Check on timing

① Date 5/28/75 —
— per type finder —
and deliver at 3 pm
on 5/29/75





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

MAY 21 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 4481 - Emergency Employment Appropriation Act, 1975
 Sponsor - Representative Mahon (D), Texas

Last Day for Action:

June 2, 1975
~~May, 1975~~

- Transmittal of a veto message prior to the Congressional recess for Memorial Day is recommended

<u>Appropriations:</u> (In millions)	<u>Administration Request</u>	<u>Enrolled Bill</u>	<u>Congressional Increase</u>
New budget authority	\$ 2,043	\$ 4,729	\$ 2,686
Direct and insured loans	--	485	485
Liquidation of contract authority	--	92	92

Outlay Increases: FY 1975: \$ 684 million
 FY 1976: \$1,540 million

Highlights:

- With the exception of your requests of \$1.6 billion for temporary employment assistance, \$413 million for summer youth employment, and \$5 million for the U.S. Railway Association, all appropriations in this bill were unrequested.
- Almost half of the \$3.3 billion provided by this bill over your request would be spent in fiscal year 1976, making the \$60 billion deficit line difficult to hold.
- The bill contains a conglomeration of increases, some of which are unneeded, or more costly than necessary, or will not produce immediate employment, or will set new program levels which will be difficult to reduce later.

Recommendation

I recommend that you veto the bill and issue a veto message before the Congress recesses for Memorial Day.

James T. Lynn
 James T. Lynn
 Director



Attachment



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

MAY 21 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 4481 - Emergency Employment
Appropriation Act, 1975
Sponsor - Representative Mahon (D), Texas

Last Day for Action

~~June 2, 1975~~
~~May 1975~~ - Monday . Because the House plans to recess at the end of business on May 22 and the Senate the following day, transmittal of the veto message by May 22 is recommended.

Purpose

Appropriates a total of \$4,729 million in budget authority, \$485 million in direct and insured loan authority, and \$92 million in appropriations to liquidate contract authority for the Departments of Agriculture, Commerce, Interior, and Labor; the Corps of Engineers; the General Services Administration; the Small Business Administration; and other agencies.

Agency Recommendations

Office of Management and Budget

Disapproval (veto statement attached)

Discussion

The economic and budgetary pressures the enrolled bill would generate if it were approved are the bases for our veto recommendation:

- ° The appropriations and loan authority provided by the enrolled bill are \$3.3 billion above your request of \$2,043 million for emergency employment. Almost half of the \$3.3 billion of increased expenditures provided by the bill over your request would be spent in fiscal year 1976, making the \$60 billion deficit line difficult to hold. Spending would continue in 1977 and later years and would increase the projected deficits for those years.



- The increased deficits resulting from this additional spending would lead to excessive Federal demands on financial markets, making borrowing more difficult and driving interest rates up. Thus, this bill could reverse the very economic growth that the Congress intended to help stimulate.
- Many of the additional amounts in the bill for existing programs will not quickly improve employment, but will produce spending levels that will be difficult to reduce later after the economic situation has improved. Spending under the bill cannot occur soon enough to accelerate the economic recovery that is expected to be well underway by the end of this year, but it could occur late enough into the recovery to fuel again the inflationary pressures that are just now subsiding.

In addition to the \$1.6 billion for public service employment, the \$413 million (increased by the Congress to \$458 million) for summer youth employment and the \$5 million for the U.S. Railway Association which you requested, the enrolled bill contains appropriations of:

- \$642 million for the Farmer's Home Administration. Although studies by the Department of Agriculture indicate a demand for program assistance in excess of current funding levels, the loan and grant programs increased by the enrolled bill often require long lead times to get underway and will therefore not provide immediate employment assistance.
- \$506 million for the General Services Administration. Included in this amount is \$440 million for the Federal Buildings Fund. This appropriation would violate the basic premise of the Federal Buildings Fund: to operate on a businesslike basis and finance real property expenses out of proceeds of rental receipts. Language included will exempt GSA from the requirement of repayment with interest of appropriations to this Fund. Further, it is doubtful that GSA could effectively use the additional amounts. The remaining \$66 million for the General Supply Fund would purchase 18 thousand vehicles, which would be used to replace approximately one-fourth of the entire motor pool fleet. The appropriation would be uneconomical and wasteful, because vehicle purchases are normally financed through agency user charges and at a slightly lower rate.
- \$479 million for the Department of Commerce. Of this amount, \$375 million would be used in the Job Opportunities Program of the Economic Development Administration. It is



not yet known whether the \$125 million provided for this program in the Urgent Supplemental Appropriations Act of December, 1974, can be effectively used, let alone another \$375 million. Experience to date, however, has shown that the program is extremely difficult and time consuming to administer. The remaining \$104 million would be used to accelerate the programs of the Economic Development Administration and the Regional Action Planning Commissions. Previous efforts to utilize long-range development programs as anti-recession tools have not been successful. Funds have not been utilized in a timely enough manner to significantly shorten the period of recession, assistance often has not greatly benefited those areas most in need, and costs of generating temporary employment through such mechanisms have been high.

- \$385 million for Small Business Administration loan programs. The recent tax reduction legislation, which included reductions in both corporate and personal income taxes and increased investment tax credits, provides the financial stimulus to allow small businesses to recover from the recent drop in the economy. Federal Reserve efforts to expand the growth of the money supply are causing a resurgence in the availability of capital for small businesses. Further, there is the question of whether the Federal government should--and can effectively--assume a large role in making individual credit allocation decisions for small business financing. It has been the Administration's position that the principal responsibility for such decisions should be left with the private sector.
- \$333 million for public works projects of the Corps of Engineers and Bureau of Reclamation. These funds are to be used to accelerate completion of projects now underway. In addition to providing additional funds, approving the bill would give added weight to an undesirable statement of congressional intent contained in the conference report. The report states that recreation development at projects authorized prior to 1965 should be 100 per cent Federally-funded. This is inconsistent both with the Administration's cost-sharing policy on water resource projects in general and with the law covering cost-sharing on projects authorized after 1965.
- \$190 million for higher education and work incentives under the Department of Health, Education, and Welfare. The increase of \$120 million for college work-study grants is unnecessary at this time, given the student assistance funds already appropriated and the expected 1976 funding level. The funds for work incentives (\$70 million) restore a congressional reduction in last year's appropriation request.

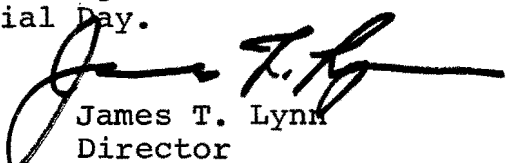


- \$143 million for the Forest Service. These funds are primarily for low priority items and may result in completion of some projects (i.e., forest roads and trails construction) in advance of need.
- \$115 million for the Soil Conservation Service of the Department of Agriculture. Of the amount appropriated, \$106 million is to assist in the reduction of backlogs in the watershed and flood prevention program.
- \$100 million for payment to the U.S. Postal Service. Under the Postal Reorganization Act of 1970, Federal subsidies are provided to the Postal Service for three specific purposes: to cover public service costs, reimburse the Postal Service for revenue foregone when carrying particular classes of mail at reduced rates, and for covering liabilities of the former Post Office Department. To provide funds as recommended in the bill would not conform to the above statutory authorizations. Provision of these funds would once more inject the legislative branch into Postal decisionmaking and affect Postal management's long-range planning efforts. It would once more subject the Postal Service to the vagaries of the appropriation process and establish a precedent for providing additional forms of subsidy to assist the Postal Service in areas not envisioned by the Reorganization Act. More importantly, provision of this \$100 million would shift a substantial amount of postal costs from the users of the Postal Service onto the general taxpayer.
- \$30 million for Community Service Employment for Older Americans, that not only duplicates comprehensive manpower assistance activities, but may actually reduce the amount of manpower services State and local governments provide older workers.

In sum, the bill contains a conglomeration of increases, some of which are unneeded, more costly than necessary, will not produce immediate employment, or will set new program levels which will be difficult to reduce later.

Recommendation

You have warned that this bill would be vetoed if the enrolled version coming to you for signature did not represent a significant reduction from both the House and Senate versions. This enrolled bill does not represent such a reduction. I recommend that you veto the bill and issue a veto message (draft attached) before the Congress recesses for Memorial Day.


James T. Lynn
Director

Attachment



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: May 21

Time: 500pm

FOR ACTION: Paul Leach *veto*
Roger Semerad *veto*
Max Friedersdorf *veto*
Bill Seidman *veto*
Paul Theis *consults*

cc (for information): Jim Cavanaggh
Jack Marsh
Robert Hartmann

too long

FROM THE STAFF SECRETARY

DUE: Date: May 21

Time: asap

SUBJECT:

Enrolled Bill H.R. 4481 - Emergency Employment
Appropriation Act, 1975

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing



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.

K. R. COLE, JR.
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: May 21

Time: 500pm

FOR ACTION: Paul Leach
Roger Semerad
Max Friedersdorf
Bill Seidman
Paul Theis

cc (for information): Jim Cavanaugh
Jack Marsh
Robert Hartmann

FROM THE STAFF SECRETARY

DUE: Date: May 21

Time: asap

SUBJECT:

*Rec. 5:40 pm
5/21/75*

Enrolled Bill H.R. 4481 - Emergency Employment
Appropriation Act, 1975

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

*Agree on veto
Veto message overlong **



RCJ

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.

James H. Cavanaugh
For the President



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

MAY 22 1975

MEMORANDUM FOR: JERRY H. JONES
FROM: Dale R. McOmber
SUBJECT: Veto Message on the Emergency Employment
Appropriations Bill (H.R. 4481)

For each bill the President vetoes primarily on the grounds of fiscal restraint, Director Lynn suggests that the veto message include a statement on the effect of Congressional action (or inaction) on the deficit to date.

Accordingly, the third paragraph of the OMB draft veto message on the Emergency Employment Appropriations Bill should be revised to read as follows:

First, it will exacerbate budgetary and economic pressures. In my address to the Nation on March 29, announcing my decision to sign the Tax Reduction Act, I stressed the need to keep the 1976 deficit at or below \$60 billion. This bill is one of many being considered by the Congress that, together, would increase the deficit to \$100 billion or more. Congressional actions and inactions have already added \$7.3 billion to the 1975 deficit and \$4.4 billion to the 1976 deficit. This bill authorizes spending of a further \$3.3 billion above my budget requests, with almost half of this added spending occurring in fiscal year 1976. In addition to its impact on 1976, this bill--and the others making their way through the Congress--would add substantially to spending and to Federal deficits in 1977 and later years.



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: May 21

Time: 500pm

FOR ACTION: Paul Leach
Roger Semerad
Max Friedersdorf
Bill Seidman
Paul Theis

cc (for information): Jim Cavanaugh
Jack Marsh
Robert Hartmann

FROM THE STAFF SECRETARY

DUE: Date: May 21

Time: asap

SUBJECT:

Enrolled Bill H.R. 4481 - Emergency Employment
Appropriation Act, 1975

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

No objection. The vote on final passage in the Senate was 53-13-31; a review of the absentees would indicate that there is a good chance to sustain the veto in this chamber. In the House, the vote was 313-113-7; a base of 113 in the House would appear to be a realistic one upon which to build support to sustain the veto.

KEN LAZARUS 5/21/75

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.

James H. Cavanaugh
For the President

THE WHITE HOUSE

WASHINGTON

Rec'd Saturday
LOG NO.: *5/24 p.m.*

ACTION MEMORANDUM

Date: May 23, 1975

Time: 5:40pm

FOR ACTION: Paul Leach
Max Friedersdorf
Ken Lazarus
Paul Theis
Jim Lynn

cc (for information):

Jim Cavanaugh
Robert Hartmann
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: May 26

Time: 12:30p.m.

SUBJECT:

Revised and shortened veto message - H.R. 4481
Emergency Employment Appropriation Act, 1975

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

MAY 22 11 2 40

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.

Jim H. Cavanaugh
Staff Secretary to the President

AW

TO THE HOUSE OF REPRESENTATIVES:

I return without my approval, H.R. 4481, the
Emergency Employment Appropriation Act.

CP
p 874

This bill is not an effective response to the
unemployment problem. We must reduce unemployment,
But this bill is the wrong approach to the problem
for a number of reasons.

It would exacerbate budgetary and economic pressures.
In my address to the Nation on March 29, announcing my
decision to sign the Tax Reduction Act, I stressed the
need to keep the 1976 deficit below \$60 billion. This
bill is one of many being considered by the Congress that,
combined, would increase the deficit to \$100 billion or
more. This ~~bill~~ ^{legislation} authorizes spending of \$3.3 billion
above my budget requests. Almost half of this added
spending would occur in fiscal year 1976. In addition
to its impact on 1976, this bill -- and the others
making their way through the Congress -- would add
substantially to spending and to Federal deficits in
1977 and later years.

CP
p 696

JWB Memo

H. R. 4481, by increasing Federal deficit borrowing, would contribute to choking off the very economic growth that it is intended to stimulate. Further, it is unlikely that spending under this bill could occur soon enough to accelerate the economic recovery that is generally expected to be well underway by the end of this year. The heaviest impact that this bill would have on employment is not likely to occur until well into 1976, ^{and} An appreciable amount of spending would continue in calendar year 1977. ~~Projects initiated under this bill will be very difficult to stop.~~ This additional spending comes at the wrong time and would run the risk of fueling inflationary pressures that are now subsiding.

H.R. 4481 is the result of a process whereby the Congress has taken a simple, straightforward, specific Administration proposal for extending public service jobs and providing summer youth employment and turned it into a bill containing a host of provisions of extremely uneven merit.

To help overcome the recession and high unemployment, I proposed, and the Congress enacted, a major tax cut. I have also proposed an extension of unemployment compensation benefits, together with increases, which are included in this bill for public service jobs and summer employment.

Further stimulus is now counter-productive. I am determined to hold the line on the deficit for 1976 at \$60 billion.

The Nation does need a bill that will provide the funds I recommended for immediate and temporary employment through public sector jobs and summer youth employment. Student summer vacations are close at hand and I urge the Congress to pass such a bill promptly.

Therefore, I must veto this bill.



TO THE HOUSE OF REPRESENTATIVES:

*As
usual
return
attached*

I return without my approval, H.R. 4481, the
Emergency Employment Appropriation Act.

This bill is not an effective response to the
unemployment problem. We must reduce unemployment.
But this bill is the wrong approach to the problem
for a number of reasons.

It would exacerbate budgetary and economic pressures.
In my address to the Nation on March 29, announcing my
decision to sign the Tax Reduction Act, I stressed the
need to keep the 1976 deficit below \$60 billion. This
bill is one of many being considered by the Congress that,
combined, would increase the deficit to \$100 billion or
more. This bill authorizes ^{further} spending of \$3.3 billion
above my budget requests. Almost half of this added
spending would occur in fiscal year 1976. In addition
to its impact on 1976, this bill -- and the others
making their way through the Congress -- would add
substantially to spending and to Federal deficits in
1977 and later years.



*Congressional actions and inactions have already
added \$7.3 billion to the 1975 deficit and \$4.4
billion to the 1976 deficit. JH*

H. R. 4481, by increasing Federal deficit borrowing, would contribute to choking off the very economic growth that it is intended to stimulate. Further, it is unlikely that spending under this bill could occur soon enough to accelerate the economic recovery that is generally expected to be well underway by the end of this year. The heaviest impact that this bill would have on employment is not likely to occur until well into 1976. An appreciable amount of spending would continue in calendar year 1977. *many* Projects initiated under this bill will be very difficult to stop. This additional spending comes at the wrong time and would run the risk of fueling inflationary pressures that are now subsiding.

This legislation

~~H.R. 4481~~ is the result of a process whereby the Congress has taken a simple, straightforward, specific Administration proposal for extending public service jobs and providing summer youth employment *two* and turned it into a bill containing a host of provisions of extremely *questionable value.* *in* ~~uneven merit.~~

To help overcome the recession and high unemployment, I proposed, and the Congress ~~enacted~~ *passed*, a major tax cut. I have also proposed an extension of unemployment compensation benefits, together with increases, which are included in this bill for public service jobs and summer employment.



Further stimulus is ~~now~~ counter-productive. I am determined to hold the line on the deficit for 1976 at \$60 billion.

The Nation does need a bill that will provide the funds I recommended for immediate and temporary employment through public sector jobs and summer youth employment. Student summer vacations are close at hand and I urge the Congress to pass such a bill promptly.

~~Therefore, I must veto this bill.~~

That kind of a bill, tailored to meet the problems at hand, is one on which the Congress and I can agree



THE WHITE HOUSE

WASHINGTON

May 22, 1975

MEMORANDUM FOR JAMES H. CAVANAUGH

FROM: ROGER B. PORTER *RBP*

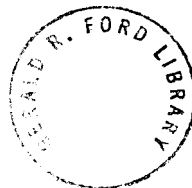
SUBJECT: DRAFT VETO MESSAGE ON H.R. 4481

Mr. Seidman has asked me to convey to you three specific suggestions on the draft veto message on the Emergency Employment Appropriation Act in addition to his general feeling that the message is too long.

9/10/75
~~First, we should make the argument that H.R. 4481 is the result of a process whereby the Congress has taken a simple, straightforward, specific Administration proposal for extending public service jobs and providing summer youth employment and turned it into a bill containing a host of provisions of extremely uneven merit. In short, Congress has once again cluttered up a sensible Administration proposal.~~

Secondly, he feels it inadvisable to specifically attack each of the provisions for particular groups since our case can be made more effectively in the aggregate.

Thirdly, and most importantly, what the message lacks is an analysis of how many jobs are expected to be created by the provisions in the bill, when these jobs will come into being (how quickly), and the average cost to the taxpayer of each additional job. Our suspicion is that such an analysis would reveal that the great bulk of jobs which may be created by the bill would be some time in coming on stream, and, would not address our immediate unemployment problems. One of the great liabilities of attempting to stimulate the economy through such programs is that they inevitably tend to have their impact too late.



5/29

Mr. J.

—

Kater

THE WHITE HOUSE

MAY 27 1975

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: May 27, 1975

Time: 6:00pm

FOR ACTION: Mike Duval
Max Friedersdorf
Ken Lazarus
Paul Theis

cc (for information): Jim Cavanaugh
Jack Marsh
LWSeidman

FROM THE STAFF SECRETARY

DUE: Date: May 27

Time: ASAP

SUBJECT:

Proclamation: Modifying Proclamation No. 3279, relating to Imports of Petroleum and Petroleum Products, etc.

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

The attached proclamation was just received at the White House and must go to the President tonight.

ob gws



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.

James H. Cannon
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: May 23, 1975

Time: 5:10pm

FOR ACTION: Paul Leach
Max Friedersdorf
Ken Lazarus
Paul Theis
Jim Lynn

cc (for information):

Jim Cavanaugh
Robert Hartmann
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: May 26

Time: 12:30 p.m.

SUBJECT:

Revised and shortened veto message - H.R. 4481
Emergency Employment Appropriation Act, 1975

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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K. R. COLE, JR.
For the President

McDonnell

ASSISTANT DIRECTOR
OFFICE OF MANAGEMENT AND BUDGET

Judy Johnston

Here are our suggestions
for modification of this
draft veto message. Jim
Snyder has not yet reviewed.

Hal McEmber



THE WHITE HOUSE
WASHINGTON

Suggest a

change in

format!

JM



THE WHITE HOUSE

WASHINGTON

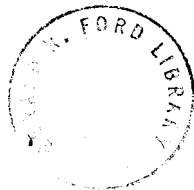
MEMORANDUM FOR: JIM CAVANAUGH

FROM: MAX L. FRIEDERSDORF *Ms. 6.*

SUBJECT: Action Memorandum - Log No.
Revised and shortened veto message
H.R. 4481 Emergency Employment Appropriations
Act of 1975.

The Office of Legislative Affairs concurs with the agencies that the President issue the revised veto message, deleting the last sentence, to end on a positive note.

Attachments



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: May 23, 1975

Time: 5:40pm

FOR ACTION: Paul Leach
Max Friedersdorf
Ken Lazarus
Paul Theis
Jim Lynn

cc (for information): Jim Cavanaugh
Robert Hartmann
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: May 26

Time: 12:30p.m.

SUBJECT:

Revised and shortened veto message - H.R. 4481
Emergency Employment Appropriation Act, 1975

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

No objection--Ken Lazarus



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.

James H. Cavanaugh
for the President

TO THE HOUSE OF REPRESENTATIVES

I return ~~herewith~~ without my approval, H.R. 4481, the Emergency Employment Appropriation Act.

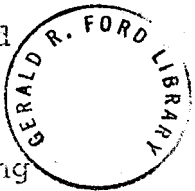
~~Reducing the current high rate of unemployment is not the issue presented by this bill.~~
THIS BILL IS NOT AN EFFECTIVE RESPONSE TO THE UNEMPLOYMENT PROBLEM. We must and we will reduce unemployment.

This bill ~~is the wrong approach to doing so for several reasons.~~ ^{is the} ~~inappropriate~~ ^{wrong approach to} **FOR A NUMBER OF REASONS.**

~~It will~~ ^{would} exacerbate budgetary and economic pressures. In my address to the Nation on March 29, announcing my decision to sign the Tax Reduction Act, I stressed the need to keep the 1976 deficit ~~at or~~ below \$60 billion. This bill is one of many being considered by the Congress that, ^{combined,} ~~together,~~ would increase the deficit to \$100 billion or more. This bill authorizes spending of \$3.3 billion above my budget requests.

~~Almost~~ ^{would occur} almost half of this added spending ~~occurring~~ in fiscal year 1976. In addition to its impact on 1976, this bill -- and the others making their way through the Congress -- would add substantially to spending and to Federal deficits in 1977 and later years.

The increased deficits ~~caused~~ ^{ESCALATED} by this additional spending would lead to extraordinary Federal demands on our financial markets. These demands could deprive business firms of funds needed for modernization and expansion of capacity. State and local governments and prospective home buyers would have increased difficulty borrowing ^{necessary} the funds ~~they need~~. Interest rates would be driven up ^{ADD} ^{ING} results ~~in~~ increased costs for everyone.



The problem

In this way, H.R. 4481 would contribute to choking off the very economic growth that it is intended to ~~help~~ stimulate. Further, it is unlikely that spending under this bill could occur soon enough to accelerate the economic recovery that is generally expected to be well underway by the end of this year. The heaviest impact that this bill would have on employment is not likely to occur until well into 1976, ~~and~~ ^A an appreciable amount of spending would continue in calendar year 1977. ~~once~~ ^P projects ^{initiated} under this bill ~~are begun, they~~ will be very difficult to stop. This additional spending comes at the wrong time and would run the risk of fueling inflationary pressures that are now subsiding.

To help overcome the recession and high unemployment, I proposed and the Congress ~~agreed on~~ ^{enacted} a major tax cut. I have also proposed an extension of unemployment compensation benefits, together with increases, which are included in this bill for public service jobs and summer employment. Further stimulus is ~~not needed~~ ^{counter-productive.} now. I am determined to hold the line on the deficit for 1976 at \$60 billion, ~~and~~ ^I therefore must veto this bill.

~~This bill is the wrong approach because it provides~~ ^{would be} ~~wasteful and detrimental to economic stability.~~ ~~additional funds for ineffective and costly programs.~~ The

\$2 billion request I have made for public service jobs and summer youth employment meets the current problem by ^{immediately} providing ~~necessary, immediate,~~ temporary employment. ~~By contrast, and~~

^I In the guise of aid to the unemployed, this bill contains a conglomeration of increases that are unneeded and expensive. ^{These expenditures} ~~and~~ will not be effective in producing immediate employment.



Among them are:

-- \$440 million for the Federal Buildings Fund of the General Services Administration, ^{This} ~~which~~ would violate the basic premise on which the Federal Buildings Fund was created. The Fund was set up to finance real property expenses from rental receipts. It is also doubtful ^{whether} ~~that~~ the funds could be used effectively in a short time.

-- \$385 million for Small Business Administration loans. The Tax Reduction Act, which included reductions in both corporate and personal income taxes and increased investment tax credits, provides financial stimulus to help small businesses recover from the recent drop in the economy. The efforts of the Federal Reserve to increase the growth of the money supply is causing a resurgence in the availability of funds for small businesses. Further, I believe that the Federal



Government should not ~~and cannot effectively~~ assume a large role in making individual credit allocation decisions for small business financing. The principal responsibility for such decisions should be left with the private sector.

-- \$120 million for college work-study grants, ^{This} ~~which~~ is unnecessary ^{because of} ~~given~~ student assistance funds now available and becoming available in 1976.

-- \$100 million for a payment to the Postal Service ^{This} ~~that~~ would shift substantial postal costs from users of the Postal Service to the general taxpayer and would once more inject the Legislative Branch into decision-

Making in the Postal Service.

- \$70 million for the work incentive program of HEW.
- \$66 million to purchase 18,000 vehicles for the General Services Administration motor pool fleet, *This is* normally and more efficiently financed through agency-user charges.
- \$30 million for Community Service Employment for Older Americans, *This* ~~that~~ not only duplicates comprehensive manpower assistance activities but actually may reduce the amount of manpower services State and local governments provide older workers.
- An extra \$45 million for summer youth employment *This* ~~which~~ is entirely unnecessary in view of the \$413 million requested and the substantial amounts being programmed by States and localities.

~~This~~ **T**his bill is the wrong approach because it provides higher spending levels for a variety of programs and projects of unequal merit which may be difficult to reduce ~~later~~ after the economic situation has improved. Included in this category are:

- \$642 million in appropriations and loan authority for the Farmer's Home Administration.
- \$479 million for the Department of Commerce. Of this amount, \$375 million would be used in the Job Opportunities Program of the Economic Development Administration. It is not yet known whether the \$125 million provided for this program in the Urgent Supplemental Appropriations Act of last December can



be effectively used, let alone another \$375 million. Experience to date, ~~however~~, has shown that the program is extremely difficult and time-consuming to administer. Previous efforts to use such long-range development programs as anti-recession tools have not been successful. Funds have not been applied quickly enough to shorten significantly the period of recession. Assistance ~~often~~ has not greatly benefited ~~these~~ ^{MANY} areas ~~most~~ in need, ~~and~~ ^C costs of generating temporary employment through such mechanisms have been high.

-- \$333 million for public works projects of the Corps of Engineers and Bureau of Reclamation.

In summary, this bill would bring about an undesirable increase in the Federal deficit. ^{ex} would expand programs that are costly and ineffective in aiding the unemployed, ^{ex} would produce spending in the future when it is not expected to be needed and, in fact, will be counterproductive. ^{ex} For these reasons, I am returning ^{this bill} ~~it~~ without my approval. The Nation needs, ^{will provide} ~~however~~ a bill that ~~includes~~ the funds I recommended for ~~providing~~ immediate and temporary employment through public sector jobs and summer youth employment. ~~Particularly with~~ ^{are} Student summer vacations close at hand ^{and} I urge the Congress to pass such a bill promptly.

Does

H



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: May 23, 1975

Time: 5:40pm

FOR ACTION: Paul Leach
Max Friedersdorf
Ken Lazarus
Paul Theis
Jim Lynn

cc (for information):

Jim Cavanaugh
Robert Hartmann
Jack Marsh

Bill Seidman

FROM THE STAFF SECRETARY

DUE: Date: May 26th

Time: 12:30p.m.

SUBJECT:

Revised and shortened veto message - H.R. 4481
Emergency Employment Appropriation Act, 1975

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

*OS - great improvement
but still negative.*



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.

Jim Cavanaugh
For the President

THE WHITE HOUSE

WASHINGTON

May 21, 1975

MEMORANDUM FOR:

JIM CAVANAUGH

FROM:

MAX L. FRIEDERSDORF 

SUBJECT:

Action Memorandum - Log No.

Enrolled Bill H.R. 4481 - Emergency
Employment Appropriation Act, 1975

The Office of Legislative Affairs concurs with the agencies
that the bill be vetoed.

Attachments



6/4

M. J. -


To add to file, pls.

Retard 5/28.

Thanks.

Kate

To
J. Conaway
5-21-75
3:55 PM



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

MAY 21 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 4481 - Emergency Employment Appropriation Act, 1975
Sponsor - Representative Mahon (D), Texas


Last Day for Action:

~~May, 1975~~ - Transmittal of a veto message prior to the Congressional recess for Memorial Day is recommended
June 2, 1975

<u>Appropriations:</u> (In millions)	<u>Administration Request</u>	<u>Enrolled Bill</u>	<u>Congressional Increase</u>
New budget authority	\$ 2,043	\$ 4,729	\$ 2,686
Direct and insured loans	--	485	485
Liquidation of contract authority	--	92	92

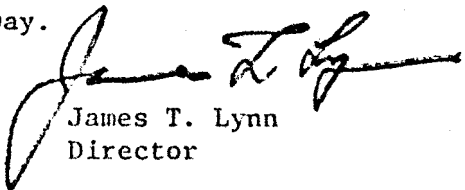
Outlay Increases: FY 1975: \$ 684 million
FY 1976: \$1,540 million

Highlights:

- 
- With the exception of your requests of \$1.6 billion for temporary employment assistance, \$413 million for summer youth employment, and \$5 million for the U.S. Railway Association, all appropriations in this bill were unrequested.
 - Almost half of the \$3.3 billion provided by this bill over your request would be spent in fiscal year 1976, making the \$60 billion deficit line difficult to hold.
 - The bill contains a conglomeration of increases, some of which are unneeded, or more costly than necessary, or will not produce immediate employment, or will set new program levels which will be difficult to reduce later.

Recommendation

I recommend that you veto the bill and issue a veto message before the Congress recesses for Memorial Day.

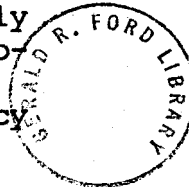

James T. Lynn
Director

Attachment

- ° The increased deficits resulting from this additional spending would lead to excessive Federal demands on financial markets, making borrowing more difficult and driving interest rates up. Thus, this bill could reverse the very economic growth that the Congress intended to help stimulate.
- ° Many of the additional amounts in the bill for existing programs will not quickly improve employment, but will produce spending levels that will be difficult to reduce later after the economic situation has improved. Spending under the bill cannot occur soon enough to accelerate the economic recovery that is expected to be well underway by the end of this year, but it could occur late enough into the recovery to fuel again the inflationary pressures that are just now subsiding.

In addition to the \$1.6 billion for public service employment, the \$413 million (increased by the Congress to \$458 million) for summer youth employment and the \$5 million for the U.S. Railway Association which you requested, the enrolled bill contains appropriations of:

- \$642 million for the Farmer's Home Administration. Although studies by the Department of Agriculture indicate a demand for program assistance in excess of current funding levels, the loan and grant programs increased by the enrolled bill often require long lead times to get underway and will therefore not provide immediate employment assistance.
- \$506 million for the General Services Administration. Included in this amount is \$440 million for the Federal Buildings Fund. This appropriation would violate the basic premise of the Federal Buildings Fund: to operate on a businesslike basis and finance real property expenses out of proceeds of rental receipts. Language included will exempt GSA from the requirement of repayment with interest of appropriations to this Fund. Further, it is doubtful that GSA could effectively use the additional amounts. The remaining \$66 million for the General Supply Fund would purchase 18 thousand vehicles, which would be used to replace approximately one-fourth of the entire motor pool fleet. The appropriation would be uneconomical and wasteful, because vehicle purchases are normally financed through agency user charges and at a slightly lower rate.
- \$479 million for the Department of Commerce. Of this amount, \$375 million would be used in the Job Opportunities Program of the Economic Development Administration. It is



not yet known whether the \$125 million provided for this program in the Urgent Supplemental Appropriations Act of December, 1974, can be effectively used, let alone another \$375 million. Experience to date, however, has shown that the program is extremely difficult and time consuming to administer. The remaining \$104 million would be used to accelerate the programs of the Economic Development Administration and the Regional Action Planning Commissions. Previous efforts to utilize long-range development programs as anti-recession tools have not been successful. Funds have not been utilized in a timely enough manner to significantly shorten the period of recession, assistance often has not greatly benefited those areas most in need, and costs of generating temporary employment through such mechanisms have been high.

- \$385 million for Small Business Administration loan programs. The recent tax reduction legislation, which included reductions in both corporate and personal income taxes and increased investment tax credits, provides the financial stimulus to allow small businesses to recover from the recent drop in the economy. Federal Reserve efforts to expand the growth of the money supply are causing a resurgence in the availability of capital for small businesses. Further, there is the question of whether the Federal government should--and can effectively--assume a large role in making individual credit allocation decisions for small business financing. It has been the Administration's position that the principal responsibility for such decisions should be left with the private sector.
- \$333 million for public works projects of the Corps of Engineers and Bureau of Reclamation. These funds are to be used to accelerate completion of projects now underway. In addition to providing additional funds, approving the bill would give added weight to an undesirable statement of congressional intent contained in the conference report. The report states that recreation development at projects authorized prior to 1965 should be 100 per cent Federally-funded. This is inconsistent both with the Administration's cost-sharing policy on water resource projects in general and with the law covering cost-sharing on projects authorized after 1965.
- \$190 million for higher education and work incentives under the Department of Health, Education, and Welfare. The increase of \$120 million for college work-study grants is unnecessary at this time, given the student assistance funds already appropriated and the expected 1976 funding level. The funds for work incentives (\$70 million) restore a congressional reduction in last year's appropriation request.

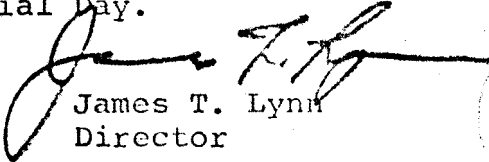


- \$143 million for the Forest Service. These funds are primarily for low priority items and may result in completion of some projects (i.e., forest roads and trails construction) in advance of need.
- \$115 million for the Soil Conservation Service of the Department of Agriculture. Of the amount appropriated, \$106 million is to assist in the reduction of backlogs in the watershed and flood prevention program.
- \$100 million for payment to the U.S. Postal Service. Under the Postal Reorganization Act of 1970, Federal subsidies are provided to the Postal Service for three specific purposes: to cover public service costs, reimburse the Postal Service for revenue foregone when carrying particular classes of mail at reduced rates, and for covering liabilities of the former Post Office Department. To provide funds as recommended in the bill would not conform to the above statutory authorizations. Provision of these funds would once more inject the legislative branch into Postal decisionmaking and affect Postal management's long-range planning efforts. It would once more subject the Postal Service to the vagaries of the appropriation process and establish a precedent for providing additional forms of subsidy to assist the Postal Service in areas not envisioned by the Reorganization Act. More importantly, provision of this \$100 million would shift a substantial amount of postal costs from the users of the Postal Service onto the general taxpayer.
- \$30 million for Community Service Employment for Older Americans, that not only duplicates comprehensive manpower assistance activities, but may actually reduce the amount of manpower services State and local governments provide older workers.

In sum, the bill contains a conglomeration of increases, some of which are unneeded, more costly than necessary, will not produce immediate employment, or will set new program levels which will be difficult to reduce later.

Recommendation

You have warned that this bill would be vetoed if the enrolled version coming to you for signature did not represent a significant reduction from both the House and Senate versions. This enrolled bill does not represent such a reduction. I recommend that you veto the bill and issue a veto message (draft attached) before the Congress recesses for Memorial Day.


James T. Lynn
Director



Attachment

TO THE HOUSE OF REPRESENTATIVES

I return herewith, without my approval, H.R. 4481, the Emergency Employment Appropriation Act.

Reducing the current high rate of unemployment is not the issue presented by this bill. We must and we will reduce unemployment. This bill, however, is the wrong approach to doing so for several reasons.

First, it will exacerbate budgetary and economic pressures. In my address to the Nation on March 29, announcing my decision to sign the Tax Reduction Act, I stressed the need to keep the 1976 deficit at or below \$60 billion. This bill is one of many being considered by the Congress that, together, would increase the deficit to \$100 billion or more. This bill authorizes spending of \$3.3 billion above my budget requests, with almost half of this added spending occurring in fiscal year 1976. In addition to its impact on 1976, this bill -- and the others making their way through the Congress -- would add substantially to spending and to Federal deficits in 1977 and later years.

The increased deficits caused by this additional spending would lead to extraordinary Federal demands on our financial markets. These demands could deprive business firms of funds needed for modernization and expansion of capacity. State and local governments and prospective home buyers would have increased difficulty borrowing the funds they need. Interest rates would be driven up, resulting in increased costs for everyone.

In this way, H.R. 4481 would contribute to choking off the very economic growth that it is intended to help stimulate. Further, it is unlikely that spending under this bill could occur soon enough to accelerate the economic recovery that is generally expected to be well underway by the end of this year. The heaviest impact that this bill would have on employment is not likely to occur until well into 1976 and an appreciable amount of spending would continue in calendar year 1977. Once projects under this bill are begun, they will be very difficult to stop. This additional spending comes at the wrong time and would run the risk of fueling inflationary pressures that are now subsiding.

To help overcome the recession and high unemployment, I proposed and the Congress agreed on a major tax cut. I have also proposed an extension of unemployment compensation benefits, together with increases, which are included in this bill for public service jobs and summer employment. Further stimulus is not needed now. I am determined to hold the line on the deficit for 1976 at \$60 billion and therefore must veto this bill.

Second, this bill is the wrong approach because it provides additional funds for ineffective and costly programs. The \$2 billion request I have made for public service jobs and summer youth employment meets the current problem by providing necessary, immediate, temporary employment. By contrast, and in the guise of aid to the unemployed, this bill contains a conglomeration of increases that are unneeded and expensive, and will not be effective in producing immediate employment.

Among them are:

- \$440 million for the Federal Buildings Fund of the General Services Administration, which would violate the basic premise on which the Federal Buildings Fund was created. The Fund was set up to finance real property expenses from rental receipts. It is also doubtful that the funds could be used effectively in a short time.
- \$385 million for Small Business Administration loans. The Tax Reduction Act, which included reductions in both corporate and personal income taxes and increased investment tax credits, provides financial stimulus to help small businesses recover from the recent drop in the economy. The efforts of the Federal Reserve to increase the growth of the money supply is causing a resurgence in the availability of funds for small businesses. Further, I believe that the Federal Government should not -- and cannot effectively-- assume a large role in making individual credit allocation decisions for small business financing. The principal responsibility for such decisions should be left with the private sector.
- \$120 million for college work-study grants, which is unnecessary, given student assistance funds now available and becoming available in 1976.
- \$100 million for a payment to the Postal Service that would shift substantial postal costs from users of the Postal Service to the general taxpayer and would once more inject the Legislative Branch into decision-making in the Postal Service.



- \$70 million for the work incentive program of HEW.
- \$66 million to purchase 18,000 vehicles for the General Services Administration motor pool fleet normally and more efficiently financed through agency user charges.
- \$30 million for Community Service Employment for Older Americans that not only duplicates comprehensive manpower assistance activities but actually may reduce the amount of manpower services State and local governments provide older workers.
- An extra \$45 million for summer youth employment which is entirely unnecessary in view of the \$413 million requested and the substantial amounts being programmed by States and localities.

Third, this bill is the wrong approach because it provides higher spending levels for a variety of programs and projects of unequal merit which may be difficult to reduce later, after the economic situation has improved. Included in this category are:

- \$642 million in appropriations and loan authority for the Farmer's Home Administration.
- \$479 million for the Department of Commerce. Of this amount, \$375 million would be used in the Job Opportunities Program of the Economic Development Administration. It is not yet known whether the \$125 million provided for this program in the Urgent Supplemental Appropriations Act of last December can



be effectively used, let alone another \$375 million. Experience to date, however, has shown that the program is extremely difficult and time consuming to administer. Previous efforts to use such long-range development programs as anti-recession tools have not been successful. Funds have not been applied quickly enough to shorten significantly the period of recession, assistance often has not greatly benefited those areas most in need, and costs of generating temporary employment through such mechanisms have been high.

-- \$333 million for public works projects of the Corps of Engineers and Bureau of Reclamation.

In summary, this bill would bring about an undesirable increase in the Federal deficit, would expand programs that are costly and ineffective in aiding the unemployed, and would produce spending in the future when it is not expected to be needed and, in fact, will be counterproductive. For these reasons, I am returning it without my approval. The Nation needs, however, a bill that includes the funds I recommended for providing immediate and temporary employment through public sector jobs and summer youth employment. Particularly with student summer vacations close at hand, I urge the Congress to pass such a bill promptly.



THE WHITE HOUSE

May , 1975

TO THE HOUSE OF REPRESENTATIVES:

I return without my approval, H.R. 4481, the Emergency Employment Appropriation Act.

This bill is not an effective response to the unemployment problem. We must reduce unemployment. But this bill is the wrong approach to the problem for a number of reasons.

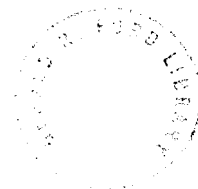
It would exacerbate budgetary and economic pressures. In my address to the Nation on March 29, announcing my decision to sign the Tax Reduction Act, I stressed the need to keep the 1976 deficit below \$60 billion. This bill is one of many being considered by the Congress that, combined, would increase the deficit to \$100 billion or more. This bill authorizes spending of \$3.3 billion above my budget requests. Almost half of this added spending would occur in fiscal year 1976. In addition to its impact on 1976, this bill -- and the others making their way through the Congress -- would add substantially to spending and to Federal deficits in 1977 and later years.



H. R. 4481, by increasing Federal deficit borrowing, would contribute to choking off the very economic growth that it is intended to stimulate. Further, it is unlikely that spending under this bill could occur soon enough to accelerate the economic recovery that is generally expected to be well underway by the end of this year. The heaviest impact that this bill would have on employment is not likely to occur until well into 1976. An appreciable amount of spending would continue in calendar year 1977. Projects initiated under this bill will be very difficult to stop. This additional spending comes at the wrong time and would run the risk of fueling inflationary pressures that are now subsiding.

H.R. 4481 is the result of a process whereby the Congress has taken a simple, straightforward, specific Administration proposal for extending public service jobs and providing summer youth employment and turned it into a bill containing a host of provisions of extremely uneven merit.

To help overcome the recession and high unemployment, I proposed, and the Congress enacted, a major tax cut. I have also proposed an extension of unemployment compensation benefits, together with increases, which are included in this bill for public service jobs and summer employment.



Further stimulus is now counter-productive. I am determined to hold the line on the deficit for 1976 at \$60 billion.

The Nation does need a bill that will provide the funds I recommended for immediate and temporary employment through public sector jobs and summer youth employment. Student summer vacations are close at hand and I urge the Congress to pass such a bill promptly.

Therefore, I must veto this bill.

THE WHITE HOUSE

WASHINGTON

May 23, 1975

MEMORANDUM FOR: JIM CAVANAUGH

FROM: DICK DUNHAM



Attached is the package on the veto message on H.R. 4481. Since I have made a number of deletions and insertions as a result of comments from various people, it perhaps should be staffed around again.

Pages 3 through 6 of the original draft message could also be included in the package for the President's information and for possible use by Ron Nessen in discussing some of the specific undesirable items in the bill.

Attachment

TO THE HOUSE OF REPRESENTATIVES:

I return without my approval, H.R. 4481, the Emergency Employment Appropriation Act.

This bill is not an effective response to the unemployment problem. We must reduce unemployment. But this bill is the wrong approach to the problem for a number of reasons.

It would exacerbate budgetary and economic pressures. In my address to the Nation on March 29, announcing my decision to sign the Tax Reduction Act, I stressed the need to keep the 1976 deficit below \$60 billion. This bill is one of many being considered by the Congress that, combined, would increase the deficit to \$100 billion or more. This bill authorizes spending of \$3.3 billion above my budget requests. Almost half of this added spending would occur in fiscal year 1976. In addition to its impact on 1976, this bill -- and the others making their way through the Congress -- would add substantially to spending and to Federal deficits in 1977 and later years.

The increased deficits escalated by this additional spending would lead to extraordinary Federal demands on our financial markets. These demands could deprive business firms of funds needed for modernization and



expansion of capacity. State and local governments and prospective home buyers would have increased difficulty borrowing necessary funds. Interest rates would be driven up, resulting in increased costs for everyone.

~~In this way,~~ H.R. 4481 ^{by increasing Federal deficit borrowing} would contribute to choking off the very economic growth that it is intended to stimulate. Further, it is unlikely that spending under this bill could occur soon enough to accelerate the economic recovery that is generally expected to be well underway by the end of this year. The heaviest impact that this bill would have on employment is not likely to occur until well into 1976. An appreciable amount of spending would continue in calendar year 1977. Projects initiated under this bill will be very difficult to stop. This additional spending comes at the wrong time and would run the risk of fueling inflationary pressures that are now subsiding.

Insert A To help overcome the recession and high unemployment, I proposed and the Congress enacted, a major tax cut. I have also proposed an extension of unemployment compensation benefits, together with increases, which are included in this bill for public service jobs and summer employment. Further stimulus is now counter-productive. I am determined to hold the line on the deficit for 1976 at \$60 billion. Therefore, I must veto this bill.

This bill would be wasteful and detrimental to economic stability. The \$2 billion request I have made for public service jobs and summer youth employment meets the current problem by immediately providing temporary employment. In the guise of aid to the unemployed, this bill contains a conglomeration of increases that are unneeded and expensive. These expenditures will not be effective in producing immediate employment. ~~Among them~~ are:

- \$440 million for the Federal Buildings Fund of the General Services Administration. This would violate the basic premise on which the Federal Buildings Fund was created. The Fund was set up to finance real property expenses from rental receipts. It is also doubtful whether the funds could be used effectively in a short time.
- \$385 million for Small Business Administration loans. The Tax Reduction Act, which included reductions in both corporate and personal income taxes and increased investment tax credits, provides financial stimulus to help small businesses recover from the recent drop in the economy. The efforts of the Federal Reserve



to increase the growth of the money supply is causing a resurgence in the availability of funds for small businesses.

- \$120 million for college work-study grants. This is unnecessary because of student assistance funds now available and becoming available in 1976.
- \$100 million for a payment to the Postal Service. This would shift substantial postal costs from users of the Postal Service to the general taxpayer and would once more inject the Legislative Branch into decision-making in the Postal Service.
- \$70 million for the work incentive program of HEW.
- \$66 million to purchase 18,000 vehicles for the General Services Administration motor pool fleet. This is normally and more efficiently financed through agency-user charges.
- \$30 million for Community Service Employment for Older Americans. This not only duplicates comprehensive manpower assistance activities but actually may reduce the amount of manpower services State and local governments provide older workers.

- An extra \$45 million for summer youth employment. This is entirely unnecessary in view of the \$413 million requested and the substantial amounts being programmed by States and localities.

This bill is the wrong approach because it provides higher spending levels for a variety of programs and projects of unequal merit which may be difficult to reduce after the economic situation has improved. Included in this category are:

- \$642 million in appropriations and loan authority for the Farmer's Home Administration.
- \$479 million for the Department of Commerce. Of this amount, \$375 million would be used in the Job Opportunities Program of the Economic Development Administration. It is not yet known whether the \$125 million provided for this program in the Urgent Supplemental Appropriations Act of last December can be effectively used, let alone another \$375 million. Experience to date has shown that the program is extremely difficult and time-consuming to administer. Previous efforts to use such long-range development programs as anti-recession tools have not been successful. Funds have not been applied

quickly enough to significantly shorten the period of recession. Assistance has not greatly benefited many areas in need. Costs of generating temporary employment through such mechanisms have been high.

-- \$333 million for public works projects of the Corps of Engineers and Bureau of Reclamation.

In summary, this bill would bring about an undesirable increase in the Federal deficit. It would expand programs that are costly and ineffective in aiding the unemployed. It would produce spending in the future when it is not expected to be needed and, in fact, will be counter-productive.

For these reasons, I am returning this bill without my approval. The Nation does need a bill that will provide the funds I recommended for immediate and temporary employment through public sector jobs and summer youth employment. Student summer vacations are close at hand and I urge the Congress to pass such a bill promptly.

TO THE HOUSE OF REPRESENTATIVES:

I return without my approval, H.R. 4481, the Emergency Employment Appropriation Act.

Earlier this year, I asked the Congress for legislation to deal with the Nation's most immediate employment problems through an extension of public service jobs and a program of summer youth employment.

The Congress has taken this simple, straightforward and specific proposal and turned it into a bill containing a host of provisions of questionable value.

This bill, as presented to me, is not an effective response to the unemployment problem. It would exacerbate both budgetary and economic pressures, and its chief impact would be felt long after our current unemployment problems are expected to subside.

The bill authorizes spending of \$3.3 billion above my budget requests. Almost half of this added spending would occur in fiscal 1976 and an appreciable amount of spending would continue in calendar year 1977. Economic recovery is expected to be well underway by the end of 1975, and the accelerative influences of this bill would come much too late to give impetus to this recovery. Instead, those influences would run the risk of contributing to a new round of inflation later on.

In my address to the Nation on March 29, announcing my decision to sign the Tax Reduction Act, I stressed the need to keep the 1976 deficit below \$60 billion. This bill is one of many being considered by the Congress that, combined, would increase the deficit to \$100 billion or more. Already, Congressional actions and inactions have added \$7.3 billion to the 1975 deficit and \$4.4 billion to the 1976 deficit.

Such an increase in the Federal budget deficit would lead to an increase in Federal borrowing from private financial markets. These heavy Federal demands for capital could deprive business firms of funds needed for modernization and expansion of capacity.

Thus, H.R. 4481 would contribute to choking off the very economic growth it is intended to stimulate.

To help overcome the recession and high unemployment, I have proposed, and the Congress has enacted, a major tax cut. I have also proposed an extension of unemployment compensation benefits, together with increases, which are included in this bill for public service jobs and summer employment.

Further stimulus would hurt more than it would help our economy in the long run. H.R. 4481 provides for too much stimulus, too late, and I must therefore veto the bill.

The need remains, however, for a bill that will provide the funds I recommended for immediate and temporary employment through the public sector and summer youth jobs. Since student summer vacations are close at hand, I urge the Congress to pass such a bill as quickly as possible.

THE WHITE HOUSE,

TO THE HOUSE OF REPRESENTATIVES

I return herewith, without my approval, H.R. 4481, the Emergency Employment Appropriation Act.

Reducing the current high rate of unemployment is not the issue presented by this bill. We must and we will reduce unemployment. This bill, however, is the wrong approach to doing so for several reasons.

First, it will exacerbate budgetary and economic pressures. In my address to the Nation on March 29, announcing my decision to sign the Tax Reduction Act, I stressed the need to keep the 1976 deficit at or below \$60 billion. This bill is one of many being considered by the Congress that, together, would increase the deficit to \$100 billion or more. This bill authorizes spending of \$3.3 billion above my budget requests, with almost half of this added spending occurring in fiscal year 1976. In addition to its impact on 1976, this bill -- and the others making their way through the Congress -- would add substantially to spending and to Federal deficits in 1977 and later years.

The increased deficits caused by this additional spending would lead to extraordinary Federal demands on our financial markets. These demands could deprive business firms of funds needed for modernization and expansion of capacity. State and local governments and prospective home buyers would have increased difficulty borrowing the funds they need. Interest rates would be driven up, resulting in increased costs for everyone.



In this way, H.R. 4481 would contribute to choking off the very economic growth that it is intended to help stimulate. Further, it is unlikely that spending under this bill could occur soon enough to accelerate the economic recovery that is generally expected to be well underway by the end of this year. The heaviest impact that this bill would have on employment is not likely to occur until well into 1976 and an appreciable amount of spending would continue in calendar year 1977. Once projects under this bill are begun, they will be very difficult to stop. This additional spending comes at the wrong time and would run the risk of fueling inflationary pressures that are now subsiding.

To help overcome the recession and high unemployment, I proposed and the Congress agreed on a major tax cut. I have also proposed an extension of unemployment compensation benefits, together with increases, which are included in this bill for public service jobs and summer employment. Further stimulus is not needed now. I am determined to hold the line on the deficit for 1976 at \$60 billion and therefore must veto this bill.

Second, this bill is the wrong approach because it provides additional funds for ineffective and costly programs. The \$2 billion request I have made for public service jobs and summer youth employment meets the current problem by providing necessary, immediate, temporary employment. By contrast, and in the guise of aid to the unemployed, this bill contains a conglomeration of increases that are unneeded and expensive, and will not be effective in producing immediate employment.

Among them are:

- \$440 million for the Federal Buildings Fund of the General Services Administration, which would violate the basic premise on which the Federal Buildings Fund was created. The Fund was set up to finance real property expenses from rental receipts. It is also doubtful that the funds could be used effectively in a short time.
- \$385 million for Small Business Administration loans. The Tax Reduction Act, which included reductions in both corporate and personal income taxes and increased investment tax credits, provides financial stimulus to help small businesses recover from the recent drop in the economy. The efforts of the Federal Reserve to increase the growth of the money supply is causing a resurgence in the availability of funds for small businesses. (Further, I believe that the Federal Government should not -- and cannot effectively-- assume a large role in making individual credit allocation decisions for small business financing. The principal responsibility for such decisions should be left with the private sector.)
- \$120 million for college work-study grants, which is unnecessary, given student assistance funds now available and becoming available in 1976.
- \$100 million for a payment to the Postal Service that would shift substantial postal costs from users of the Postal Service to the general taxpayer and would once more inject the Legislative Branch into decision-making in the Postal Service.



- \$70 million for the work incentive program of HEW.
- \$66 million to purchase 18,000 vehicles for the General Services Administration motor pool fleet normally and more efficiently financed through agency user charges.
- \$30 million for Community Service Employment for Older Americans that not only duplicates comprehensive manpower assistance activities but actually may reduce the amount of manpower services State and local governments provide older workers.
- An extra \$45 million for summer youth employment which is entirely unnecessary in view of the \$413 million requested and the substantial amounts being programmed by States and localities.

Third, this bill is the wrong approach because it provides higher spending levels for a variety of programs and projects of unequal merit which may be difficult to reduce later, after the economic situation has improved. Included in this category are:

- \$642 million in appropriations and loan authority for the Farmer's Home Administration.
- \$479 million for the Department of Commerce. Of this amount, \$375 million would be used in the Job Opportunities Program of the Economic Development Administration. It is not yet known whether the \$125 million provided for this program in the Urgent Supplemental Appropriations Act of last December can



be effectively used, let alone another \$375 million. Experience to date, however, has shown that the program is extremely difficult and time consuming to administer. Previous efforts to use such long-range development programs as anti-recession tools have not been successful. Funds have not been applied quickly enough to shorten significantly the period of recession, assistance often has not greatly benefited those areas most in need, and costs of generating temporary employment through such mechanisms have been high.

-- \$333 million for public works projects of the Corps of Engineers and Bureau of Reclamation.

In summary, this bill would bring about an undesirable increase in the Federal deficit, would expand programs that are costly and ineffective in aiding the unemployed, and would produce spending in the future when it is not expected to be needed and, in fact, will be counterproductive. For these reasons, I am returning it without my approval. The Nation needs, however, a bill that includes the funds I recommended for providing immediate and temporary employment through public sector jobs and summer youth employment. Particularly with student summer vacations close at hand, I urge the Congress to pass such a bill promptly.

THE WHITE HOUSE

May , 1975

TO THE HOUSE OF REPRESENTATIVES:

I return without my approval, H.R. 1481, the Emergency Employment Appropriation Act.

Earlier this year, I asked the Congress for ~~or~~ ~~I proposed~~ legislation to deal with the Nation's most immediate employment problems through an extension of public service jobs and a program of summer youth employment.

take this simple, straight forward and specific proposal
The Congress has responded with a bill that not only and turned it into a bill containing a host of provisions of questionable value needlessly increases the spending levels for these programs, but adds several very costly and extraneous provisions which were not requested and are not needed.

This bill, as presented to me, is not an effective response to the unemployment problem. It would exacerbate both budgetary and economic pressures, and its chief impact would be felt long after our current unemployment problems are expected to subside.

The bill authorizes spending of \$3.3 billion above my budget requests. Almost half of this added spending would occur in fiscal 1976 and an appreciable amount of spending would continue in calendar year 1977. Economic recovery is expected to be well underway by the end of 1975, and the accelerative influences of this bill would come much too late to give impetus to this recovery. Instead, those influences would run the risk of contributing to a new round of inflation later on.

In my address to the Nation on March 29, announcing my decision to sign the Tax Reduction Act, I stressed the need to keep the 1976 deficit below \$60 billion. This bill is one of many being considered by the Congress that, combined, would increase the deficit to \$100 billion or more. Already, Congressional actions and inactions have added \$7.3 billion to the 1975 deficit and \$4.4 billion to the 1976 deficit.

Such an increase in the Federal budget deficit would lead to an increase in Federal borrowing from private financial markets. These heavy Federal demands for capital could deprive business firms of funds needed for modernization and expansion of capacity.

Thus, H.R. 4481 would contribute to choking off the very economic growth it is intended to stimulate.

To help overcome the recession and high unemployment, I have proposed, and the Congress has enacted, a major tax cut. I have also proposed an extension of unemployment compensation benefits, together with increases, which are included in this bill for public service jobs and summer employment.

Further stimulus would hurt more than it would help our economy in the long run. H.R. 4481 provides for too much stimulus, too late, and I must therefore veto the bill.

The need remains, however, for a bill that will provide the funds I recommended for immediate and temporary employment through the public sector and summer youth jobs. ^{Since} student summer vacations are close at hand and I urge the Congress to pass such a bill as quickly as possible.



THE WHITE HOUSE,

Already, Congressional ^{actions} and ^{inactions} have added \$7.3 billion to the 1975 deficit and \$4.4 billion to the 1976 deficit.

*to trust you
got this from Paul
I expect long hand on it
today!*

In my address to the Nation on March 29, announcing my decision to sign the Tax Reduction Act, I stressed the need to keep the 1976 deficit below \$60 billion. This bill is one of many being considered by the Congress that, combined, would increase the deficit to \$100 billion or more.

Such an ~~increase~~ increase in the Federal ~~budget~~ budget deficit would

~~lead to an increase in Federal borrowing from private financial markets. These heavy Federal~~ demands for capital

could ~~also~~ ^{and} deprive business firms of funds needed for modernization and expansion of capacity ^{and siphon off the funds from savings deposits and essentially needed for the economy.}

Thus, H. R. 4481 would contribute ~~directly~~ to choking off the very economic growth it is intended to stimulate.

To help overcome the recession and high unemployment, I have proposed, and the Congress has enacted, a major

tax cut. I have also proposed, ^{an} extension ~~and increased levels~~ ^{together with increases} of unemployment compensation benefits, which are included in this bill for public service jobs and summer employment.

*House
to
check*

Further stimulus would hurt more than it would help our economy in the long run. H. R. 4481 provides for too much stimulus, too late, and I must therefore veto the bill.



The need remains, however, for a bill that will provide the funds I recommended for immediate and temporary employment

Part - The revised memo message didn't seem to have
together particularly well. This is essentially
a rearrangement of the material to make
it flow better. Pat

42304

I return without my approval, H. R. 4481, the Emergency

Employment Appropriation Act.

~~On (date),~~

I proposed legislation to deal with the Nation's most
immediate employment problems through an extension of
public service jobs and a program of summer youth employment.

The Congress has responded with a bill that ^{not only} needlessly

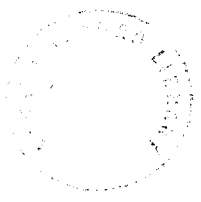
increases the spending levels for these programs, but ~~also~~
adds several very costly and extraneous provisions which were
not requested and are not needed.

This bill, ~~as~~ as presented to me, is not an effective ^{cross}
response to the unemployment problem. It would exacerbate ^{a million}
both budgetary and economic pressures, and its chief impact ^{of}
would be felt long after our current unemployment problems ^{being}
are expected to subside. ^{not}
^{directly aimed}
^{at employment.}

The bill authorizes spending of \$3.3 billion above
my budget ~~requests~~ requests. Almost half of this added
spending would occur in fiscal 1976 and an appreciable
amount of spending would continue in calendar year 1977.
Economic recovery is expected to be well underway by the
end of 1975, and the accelerative influences of this bill
would come much too late to give impetus to this recovery.
Instead, those influences would run the risk of contributing
to a new round of inflation later on.

Bad
sounds
like
this is
all he
did -
what
about
etc,
etc.

This
ought
to be
moved
up.
perhaps
to a



Student summer
vacations are close at
hand and,

through the public sector and summer youth jobs. I urge
the Congress to pass such a bill as quickly as possible.

X

Should
not be
immediately
acted!

~~Frankly, I think
the detailed history
of the Ford, as in
our book, helps
on the real world
more than it hurts,
but perhaps it can
bring March's &
quite views would
be supported on this.~~

