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7/6/76

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THE WHITE HOUSE
WASHINGTON

ACTION

Last Day: July 7

July 6, 1976

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM CONNOR

SUBJECT:

Enrolled Bill S. 3201
Public Works Employment
Act of 1976

Attached for your consideration is Enrolled Bill S. 3201, sponsored by Senator Montoya. (TAB C)

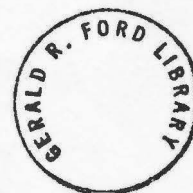
The enrolled bill would authorize a \$2.0 billion program of aid to State and local governments for public works projects; authorize \$1.25 billion in "countercyclical" aid to these jurisdictions based on revenue sharing entitlements and unemployment rates; and increase by \$700 million the authorization for the Environmental Protection Agency's wastewater treatment grants program.

Additional details are provided in OMB's enrolled bill report at TAB A.

OMB, Max Friedersdorf, Counsel's Office (Lazarus), Jim Cannon and Bill Seidman recommend disapproval. Veto message is attached at TAB B.

RECOMMENDATION:

That you sign veto message at TAB B. This message has been approved by Bob Hartmann (Doug Smith), Dave Gergen, Jack Marsh, Jim Lynn (Paul O'Neill), Bill Seidman (Roger Porter and Bill Gorog) and Jim Cannon.





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

JUL 2 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 3201 - Public Works Employment
Act of 1976
Sponsor - Sen. Montoya (D) New Mexico

Last Day for Action

July 7, 1976 - Wednesday

Purpose

Authorizes a \$2.0 billion program of aid to State and local governments for public works projects; authorizes \$1.25 billion in "countercyclical" aid to these jurisdictions based on revenue sharing entitlements and unemployment rates; and increases by \$700 million the authorization for the Environmental Protection Agency's wastewater treatment grants program.

Agency Recommendations

Office of Management and Budget	Disapproval (Veto message attached)
Department of Commerce	Disapproval (Veto message attached)
Department of the Treasury	Disapproval (Veto message attached)
Council of Economic Advisers	Disapproval
Department of Housing and Urban Development	Disapproval
Environmental Protection Agency	No objection
Department of Labor	Approval

Discussion

S. 3201 contains the same three major provisions as the bill you successfully vetoed last February (H.R. 5247), although at somewhat lower authorization levels. The bill you vetoed contained



appropriation authorizations totalling \$6.2 billion; the current bill's total is \$3.95 billion. As you know, the Administration has indicated to the Congress its continued opposition to new public works or subsidized jobs programs.

There are four major objections to this bill. They are:

- . fewer than 160,000 work-years of employment would be provided rather than the 325,000 that its sponsors claim;
- . each work-year created would cost over \$25,000;
- . the peak job impact would not occur until late in calendar year 1977 or early in 1978; and
- . it would increase Federal spending by as much as \$1.5 billion in fiscal year 1977 and about another \$1 billion in each of the next two years, and thus is an important component of the increased spending by Congress that precludes your proposed tax cuts and enhances the risks of inflation.



The conference report on the bill passed the Senate 70-25 and the House 328-83.

Title I of the enrolled bill would authorize a new \$2.0 billion program through fiscal year 1977 to provide Federal grants to State and local governments to cover 100 percent of the costs of constructing, repairing, or renovating public works projects. Grants would also be made to cover the State and local share of other federally assisted public works projects or the State or local share of public works projects authorized under State or local laws. The program would be administered by the Department of Commerce.

At least 70 percent of the funds under Title I would have to go to areas having unemployment rates in excess of the national average, but not less than one-half of one percent nor more than 12.5 percent could go to any one State. Priority would be accorded projects of local governments. The Secretary of Commerce would have to act on each application for assistance within 60 days of receipt or the request would be automatically approved. Grants would be made only if the Secretary received what he deemed as "satisfactory assurance" that, if Federal funds were made available, on-site labor could begin within 90 days of approval of the project.

This House-initiated Title is objectionable for several reasons:

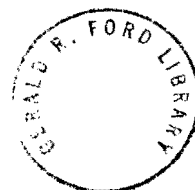
- . Public works projects are a notoriously slow and costly means of creating jobs.

- . By the time the peak employment impact would occur, the economy will not require any additional stimulus.
- . This Title would not directly benefit geographic areas in which the need for jobs is in sectors other than construction -- e.g., manufacturing and services.
- . Resources would be directed into constructing public facilities which would have to be maintained or operated at public expense.
- . The requirement of 100 percent Federal funding reduces or removes State and local incentives to set investment priorities and to conduct careful project reviews.

Title II would authorize up to \$1.25 billion in "countercyclical" revenue sharing assistance to State and local governments for "maintenance of basic services" for the 5-quarter period beginning July 1, 1976. This assistance would be available quarterly as long as the national rate of unemployment exceeded 6 percent. For each quarter, this Title would authorize \$125 million plus \$62.5 million for each half percentage point that unemployment exceeded 6 percent. Based on current projections, most of the authorized funds would be utilized in the five quarters.

One-third of the funds would be distributed to the States and two-thirds to local governments. Allocations to all jurisdictions would be based on the size of their revenue-sharing entitlements and their rates of unemployment in excess of 4.5 percent. If the national rate of unemployment exceeds an average of 6 percent during a quarter -- and in the last month of that quarter -- then assistance would be available to the State and local governments in the quarter which begins 90 days later. For example, if a State and local government qualified during the quarter ending March 31, 1976, the funds, if appropriated, would be available July 1, 1976. The formula represents a substantial improvement over that in the bill you vetoed in that the latter was demonstrably heavily weighted toward a few cities, especially New York City.

However, this type of countercyclical aid could encourage the further expansion of spending by State and local governments, by reducing pressures on State and local governments to economize. When this proposed special assistance program nears expiration after five quarters, there would be strong pressures -- even if the national rate of unemployment had fallen -- to continue the assistance indefinitely.



In addition, data required for implementation of this Title in the first quarter of its effective period would not be available in time to meet the prescribed schedule. In the initial quarter, payments would also be delayed by the need to obtain appropriations, promulgate regulations, and obtain from thousands of jurisdictions the signed assurances required by the bill.

Overall, the fiscal condition of State and local governments has improved significantly and that improvement is expected to continue. Renewed growth in own-source receipts has been generated by the upturn in the economy. Continued major increases in Federal grants have also added to receipt growth. Given this improvement, the justification for a countercyclical program is inadequate.

At the time you vetoed H.R. 5247, you endorsed an alternative approach: countercyclical block grants based upon the existing Community Development Block Grant Program in HUD. That alternative would avoid many of the pitfalls of the approach in S. 3201 and would involve relatively little cost. However, while the House-passed "Housing Authorization Act of 1976" contained such a provision, it was deleted in conference and prospects for its passage this session are remote.

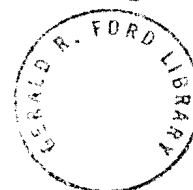
Title III of S. 3201 authorizes an additional \$700 million for EPA's wastewater treatment grants program and changes the formula for distribution of funds under this program to shift allocations from urban to rural States. The additional funds provided would partially hold harmless States receiving less funds under the new formula allocation.

This new authorization would have almost no impact on job opportunities in the near future due to the long lead time required in constructing wastewater treatment facilities.

Conclusion

Commerce, Treasury, CEA and HUD agree with our view that this bill should be disapproved. EPA has no objection to Title III because the agency believes there would be a positive effect on the environment and employment levels if that Title were enacted; the agency defers on Titles I and II.

In his attached letter, the Secretary of Labor states: "In my view, additional Federal programs to provide support for jobs through State and local governments are needed to address continuing unemployment problems." Although the Secretary indicates



that an alternative with a more substantial short-term impact may be preferable to S. 3201, we were told informally that the Secretary wishes to be recorded as favoring your approval of this bill.

The proponents of Title I argue that

- unemployment among certain groups, particularly construction workers, remains excessive;
- current programs which provide temporary jobs in public service employment are too limited in funding to provide adequate aid to the unemployed; and
- there is a substantial backlog of public works projects that have been delayed due to a lack of funding.

Proponents of Title II assert that the "countercyclical" assistance (1) would go quickly into the economy; (2) is targeted to go to only those governments substantially affected by the recession; (3) would phase out as the economy improves. Finally, it is argued that the amount and quality of governmental services at the State and local levels should not be determined by national economic conditions over which those governments have no control.

Proponents of the bill also point out that the bill is within the 1977 budget ceilings recently adopted by the Congress.

However, we believe that the argument for public works legislation is less persuasive now than it was last February when you vetoed H.R. 5247. Since last February, the unemployment rate has fallen .5 percent and 1.5 million more people have become employed. (This is about four and one-half times the number of jobs that even the proponents claim S. 3201 would generate.)

We believe it necessary to veto this bill if we are to maintain our position that the best way to decrease the size of the Federal deficit and achieve sustained noninflationary growth is to firmly resist additional spending.

As you know, a number of similar "job-creation" bills are pending in Congress. A list is attached which shows the status of these bills.



We have prepared a draft veto message which is attached for your consideration. I would note that there are several bills which are likely to come to you for action in the next few days which you may wish to veto. You may want to consider a combined veto statement on a number of these bills.


James T. Lynn
Director

Enclosures



STATUS OF OTHER JOB CREATION LEGISLATION

Young Adult Conservation Corps (H.R. 10138)

Passed the House on 5/25/76 (291-70). The Senate Interior Committee ordered H.R. 10138 reported with technical amendments on 6/23/76.

The bill is designed to provide year-round employment for persons aged 16-23 in conservation and related projects and would essentially be an extension of the existing Youth Conservation Corps.

Humphrey-Hawkins (H.R. 50/S. 50)

H.R. 50 reported out of House Education and Labor Committee on May 15, 1976. Senate Labor and Public Welfare Committee held one day hearings on S. 50 on May 15, 1976. Current prognosis is that this bill will not be acted upon until after the Democratic Convention, if at all. Senator Humphrey is said now to be embarrassed at the opposition to the bill by Arthur Okun and Charles Schultze.

Esch-Kemp (Republican alternative to Humphrey-Hawkins)

The bill has not yet been introduced.

Public Service Jobs (H.R. 12987)

House passed H.R. 12987 (287-42) on 4/30 and the Senate Labor and Public Welfare Committee reported H.R. 12987, with substantial amendments on 5/14.

Would extend and amend Title VI of the Comprehensive Employment and Training Act (CETA) with "such sums" authorizations. The Senate Committee report indicates an intention to double the level of funding for public service jobs.



C

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

June 28, 1976

Dear Mr. Frey:

This is in response to your request for our views on the bill "Public Works Employment Act of 1976." I believe this bill would be inefficient and would make the Administration's program of achieving a sustained and durable recovery more difficult. I therefore recommend that it be vetoed.

The purpose of the "Public Works Employment Act of 1976" is to expand employment by increasing grants to State and local governments for public works. Grants may be used for new projects or to expand the Federal share of projects qualifying for grants under other legislation to 100 percent. One of the problems with such an approach is that it will take several months for the projects to be approved and the jobs created. Employment is currently expanding rapidly in response to the strong economic recovery. The major impact of the expanded employment from this bill will occur in 1977 when private demand for labor is expected to be strong. Thus the policy will not take effect at a time when it is really needed. Construction projects take time and public works programs once initiated are difficult to terminate. Thus this bill could pose serious problems as the economy moves closer to full employment. Finally, grants under section 104 would increase the Federal share of projects authorized under other legislation. Some projects are currently available to State and local governments with Federal monies covering a large portion of the total cost. One reason a governmental unit may decide not to undertake such a project, even with a large Federal subsidy, is that it is not deemed valuable enough to justify the spending of even a limited amount of local funds. To the extent that such projects are now made costless to State and local governments, a number of projects may be undertaken that are viewed as largely worthless to the local population. This is an extremely unproductive use of resources.



Title II of the Act would authorize grants automatically when the unemployment rate exceeded 6 percent in a given State. This provision would seriously weaken the incentives for fiscal prudence on the part of State and local governments. These governments currently plan operating surpluses during periods of high activity to build reserves to help them through more difficult times. In the aggregate State and local governments were able to generate operating surpluses by the third quarter of 1975 when the national unemployment rate was still about 8-1/2 percent. Guaranteeing a Federal bail-out whenever the unemployment rate exceeds 6 percent will weaken the rewards for fiscal responsibility.

The private sector has already demonstrated that it can produce the necessary opportunities for productive employment. The appropriate countercyclical measures are those that foster the growth of the private sector rather than those which create low productivity make-work jobs.

Sincerely,



Paul W. MacAvoy
Acting Chairman

Mr. James Frey
Assistant Director
for Legislative Reference
Office of Management and Budget
Washington, D. C. 20506





THE DEPUTY SECRETARY OF THE TREASURY

WASHINGTON, D.C. 20220

JUN 28 1976

Director, Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Attention: Assistant Director for Legislative
Reference

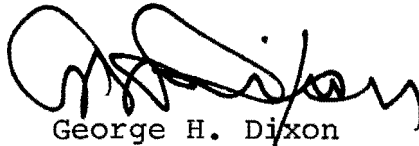
Sir:

Reference is made to your request for the views of this Department on the enrolled enactment of S. 3201, "To authorize a local public works capital development and investment program, to establish an antirecessionary program, and for other purposes."

The Department is opposed to the antirecession provision in title II of the enrolled enactment and recommends that the enrolled enactment be vetoed by the President.

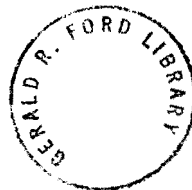
The enclosed Treasury Memorandum provides language which the Department recommends be included in a veto message on the bill.

Sincerely yours,



George H. Dixon

Enclosure



Treasury Memorandum

Title II would authorize the Secretary of the Treasury to make payments to States and to local governments when the national rate of unemployment exceeded six percent. This program is often referred to as "countercyclical assistance". There would be authorized for the emergency grants for five calendar quarters, \$125,000,000 plus \$62,500,000 for each one-half percent that unemployment exceeds six percent. The aggregate amount could not exceed \$1,250,000,000.

Specific Federal actions directed toward achieving economic recovery and mitigating the effects of unemployment provide a better approach than would countercyclical assistance toward correcting the fiscal difficulties faced by State and local governments. Such actions will ameliorate the underlying reasons for the problems that exist. Federal initiatives, such as extended unemployment compensation and tax reduction, will be much more effective in achieving economic recovery than would be setting up a broad, automatic intergovernmental assistance program.

Enactment of countercyclical assistance as a new spending program, in addition to those resources already committed in our attempt to return to economic stability, would both further add to the serious Federal deficits we face this year and next year. At the same time, because changes in the rate of unemployment tend to lag several quarters behind changes in the level of economic activity, use of the unemployment rate as a spending trigger for the program would extend economic stimulation beyond the early stage of recovery, thereby generating or accelerating inflationary pressures.

Furthermore, the measure would add one more uncontrollable program to the Budget, reducing flexibility of both the President and the Congress.

The General Revenue Sharing program, which currently provides over \$6 billion a year to State and local governments, is effective in providing a reasonable level of general fiscal assistance to governments throughout the Nation. When considered along with categorical and block grants presently going to State and local governments, the total amount of Federal aid committed under existing programs in the maximum that the Federal Government can responsibly provide, given the existing economic and fiscal conditions.





**GENERAL COUNSEL OF THE
UNITED STATES DEPARTMENT OF COMMERCE**
Washington, D.C. 20230

JUN 29 1976

Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D. C. 20503

Attention: Assistant Director for Legislative Reference

Dear Mr. Lynn:

This is in reply to your request for the views of this Department concerning S. 3201, an enrolled enactment

"To authorize a local public works capital development and investment program, to establish an anti-recessionary program, and for other purposes."

Title I, the public works portion of the bill, contains provisions that are unacceptable. The bill requires 100% federal funding of any project funded. This would include projects which had been partially funded under other laws--federal, or state and local--and would constitute a bad precedent and a departure from the local participation financial concept contained in the Public Works and Economic Development Act and other laws. The effect of this bill would be to amend other laws and establish a precedent for elimination of matching shares which were designed to assure a local stake in the project.

In addition, Title I contains unsatisfactory procedural provisions. For example, projects would be automatically approved if not acted upon by the Secretary within 60 days and regulations would be required to be prescribed within 30 days after the enactment of the Act.

We recommend a veto because the economic impact of the entire bill could be highly inflationary. We have enclosed for your consideration a draft veto message.

Existing and potential upturns in the economy reduce the need for such a bill. The unemployment rate has dropped since the veto of H.R. 5247 and there has been a rise in the gross national product, as well as a continued rise in capital spending. However, there are continued weaknesses in the economy. Particularly, there continues

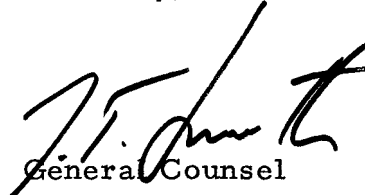


to be high unemployment in the construction industry. The importance of the public works portion of the bill is that it is meant to increase employment in the construction industry. While an increase in employment in this depressed industry would not appear to add to undesirable economic pressures, nonetheless, we believe that such a significant increase in publicly funded construction would have an inflationary effect. Furthermore, such an approach to unemployment is, as we have discussed in the veto message, relatively ineffective.

In addition, we believe that other features of the bill, such as the counter-cyclical provisions of Title II, indicate the economic wisdom of a veto. In the event the President decides to veto this bill, we suggest that with reference to Title I particularly, the enclosed proposed draft of the veto message be considered.

Also enclosed is an outline-analysis of the public works portion of the bill.

Sincerely,


General Counsel

Enclosures



To the Senate:

I return, without my approval, S. 3201, the "Public Works Employment Act of 1976".

The Title I public works portion of this bill is objectionable for substantially the same reasons I cited in my February 13, 1976 veto of H. R. 5247. In fact, the provisions of this bill and H. R. 5247 are almost identical. Although S. 3201 authorizes a \$2 billion program, as compared to the \$3 billion authorization of H. R. 5247, the funding level is still intolerably high. Moreover, relatively few new jobs would be created by the present bill:

125,000 direct and 125,000 indirect jobs, and the peak impact of the proposed funding, would probably come in 1978 or 1979, thus creating almost no new jobs in the immediate future and presenting the danger that the stimulus will occur after the need for it has passed.

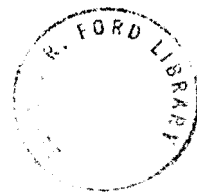
The position expressed in my previous veto that effective allocation of the \$3 billion authorization for public works would take many months or years is just as applicable to the present bill. At the time of that earlier veto, I also objected to the automatic approval of projects not acted upon within 60 days by the Department. As I indicated then, such a requirement would preclude any useful review of the requests and prevent a rational allocation of funds. In addition, the present version of S. 3201 does not contain the original Senate provisions for various unemployment rates to trigger financial assistance for public works projects. This mechanism would have tied the amount of government assistance to the unemployed rate. Its omission is another reason the bill is objectionable.

My veto of H. R. 5247 anticipated that the unusually high rates of unemployment experienced at that time would decline, and that expectation has been realized. In addition, the first quarter of this



year showed an 8.7% "real" rise in the gross national product, and an inflation rate of only 3.6%, the lowest since the third quarter of 1972, nearly four years ago. The recovery has brought the gross national product a little above the pre-recession peak of the fourth quarter of 1973. Since the first quarter of this year, employment has continued to rise; capital spending is continuing to improve; industrial output has been rising at a brisk pace; and the wholesale price index of industrial commodities has continued to advance at a moderate rate.

In my view, such a significant stimulus to the economy is not now needed and will be even less necessary when the impact of the spending contemplated by this enrolled bill would likely be felt.



Significant Provisions of Title I (Public Works) of S. 3201

Eligibility

Priority would be given to, and 70% of appropriations would be required to be used for, state or local government applicants with unemployment in excess of the national unemployment rate for the three preceding months.

The remaining 30% of appropriations would be used for those with less than the national average unemployment rate, provided that priority in this group would be given those with unemployment greater than 6-1/2%.

Use of Funds

Funds appropriated would be required to be used for grants to fund construction (including demolition and other site preparation activities), renovation, repair, or other improvements of local public works projects. In addition, grants may be made for certain planning and estimating in connection with projects underway.

Grants shall be made only for projects in which on-site labor can be started within 90 days of project approval.

Matching Requirements

There are no matching requirements. Projects would receive 100% federal funding. The bill also provides that grants may be made to increase to 100% the federal contribution to public works projects for which federal financial assistance is authorized under provisions of law other than this Act, including state and local law.

Administration

Regulations must be issued by the Secretary of Commerce within 30 days after enactment of the bill for implementation of the program.

Applications not acted upon within 60 days after receipt by the Secretary are automatically approved.



Unemployment data used as a basis for determinations under the enrolled bill may, at the request of the applicant and with approval of the Secretary, be based on rates of unemployment in any community or neighborhood. Data used as a basis for determining rates of unemployment may be provided by applicants or by the Federal Government.

Authorization

The enrolled bill would authorize appropriation of \$2 billion for Title I to be available for use until September 30, 1977.

The bill would provide that no state would be granted less than 1/2% or more than 12-1/2% of total amounts appropriated.



U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

JUN 30 1976

Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Lynn:

This is in response to your request for our views on S. 3201, an enrolled bill cited as the "Public Works Employment Act of 1976."

Title I of the bill would authorize the Secretary of Commerce to make grants to State or local governments for the construction of public works projects. Up to two billion dollars would be authorized to be appropriated for this purpose.

Title II of the Act would provide emergency financial assistance to State and local governments during periods of high unemployment. It would assist financially hard-pressed State and local governments so that they would not offset national economic policy in times of recession by increasing taxes and decreasing State and local government employment.

The program would trigger off for a calendar quarter when the average rate of national unemployment during the most recent calendar quarter which ended three months before the beginning of such calendar quarter did not exceed 6 percent, and the rate of national unemployment for the last month of such period did not exceed 6 percent. A State or local government whose unemployment rate dropped below 6 percent would not receive assistance.

One-third of the funds would go to State governments and two-thirds to local governments on the basis of an allocation formula based on the State or local unemployment rate and the State or local revenue sharing amount. Up to \$125 million would be authorized to be appropriated for each of



5 succeeding calendar quarters beginning with July 1, 1976. For each one-half percentage point of unemployment over 6 percent, an additional \$62.5 million would be authorized for that quarter. The total authorization cannot exceed \$1.25 billion for the 5 calendar quarters.

Title III of the Act would authorize up to \$700 million in additional funds for title II of the Federal Pollution Control Act.

One aspect of the enrolled bill is of particular concern to the Department of Labor. The bill transfers responsibility for determination of the adequacy of State and local unemployment data to the Secretary of Commerce. Not only would this involve duplication of staff and government funds, but it would destroy the credibility of the local area labor force statistics. The Secretary of Labor, under CETA, would allocate funds in accordance with unemployment rates produced under methods prescribed by the Bureau of Labor Statistics, the agency with methodological and analytical responsibility in this field, while the Secretary of Commerce, under this bill, could develop an entirely different system. Further, unemployment statistics may be furnished under this bill by State and local jurisdictions in addition to the Federal government. The bill fails to provide statistical standards to be used in these determinations. The credibility of government statistics would be seriously affected. Moreover, the definition of local areas is vague. The failure to define precisely what constitutes a local area makes it difficult to develop adequate statistics.

Nevertheless, the bill is intended to provide a direct stimulant to the economy by creating a program of federally financed public works projects and federal aid to State and local governments. In my view, additional Federal programs to provide support for jobs through State and local governments are needed to address continuing unemployment problems.

While this bill has substantial job-creating potential, it may not represent sound short-term countercyclical policy during a period in which economic recovery is underway. Public works programs can often be effective in creating jobs; however, the results are generally long-term. The implementation of such a \$2.0 billion program now would not



bear results until much later, when recovery of our economy is even further advanced. Thus an alternative with a more substantial short-term impact may be preferable.

Sincerely,

W. J. Flannery Jr.
Secretary of Labor





UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

JUN 30 1976

OFFICE OF THE
ADMINISTRATOR

Dear Mr. Lynn:

This is in response to your request of June 24, 1976, for the Environmental Protection Agency's views and comments on S. 3201, an enrolled bill, cited as the "Public Works Employment Act of 1976."

The purpose of this bill is to authorize a local public works capital development and investment program. Title I would allow the Secretary of Commerce acting through the Economic Development Administration to make both direct and supplemental grants to State and local governments for the construction, renovation, repair, or other improvement of public works projects. Consideration will be given to the extent and duration of unemployment in the project areas.

Title II contains antirecession provisions. This title declares that a program of emergency assistance to States and local governments will prevent those governments from taking budget related actions which undermine Federal Government efforts to stimulate economic recovery. The State and local governments for which certifiable unemployment data now exist under the Comprehensive Employment and Training Act (CETA) program would be eligible for this assistance.

Title III of the bill provides, for the fiscal year ending September 30, 1977, an authorization not to exceed \$700 million (subject to such amounts as are provided in appropriation Acts) for the construction of sewage treatment facilities under Title II of the Federal Water Pollution Control Act. These funds are to be in addition to funds otherwise authorized to carry out that title. States eligible for these funds are those which would have received larger allotments had the \$9 billion in impounded funds been allocated on the basis of a formula which weighted the projected 1990 population and the 1974 "Needs" equally. Funds received under this provision of S. 3201 will be available until expended.

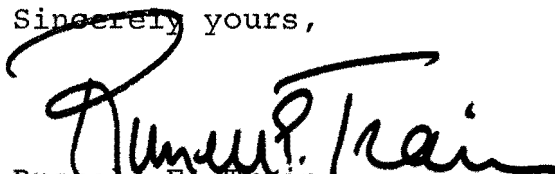


The Environmental Protection Agency defers to the Department of Commerce and other appropriate Federal departments and agencies for comment on Titles I and II of S. 3201.

With respect to Title III of the enrolled bill, if this funding were expended on the construction of sewage treatment facilities, we believe there would be a net positive effect on the environment as well as on employment levels.

In view of this the Environmental Protection Agency has no objection to S. 3201.

Sincerely yours,



Russell E. Train
Administrator

Honorable James T. Lynn
Director, Office of
Management and Budget
Washington, D.C. 20503





THE GENERAL COUNSEL OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

June 30, 1976

Mr. James M. Frey
Assistant Director for
Legislative Reference
Office of Management and Budget
Washington, D. C. 20503

Attention: Miss Martha Ramsey

Dear Mr. Frey:

Subject: S. 3201, 94th Congress
Enrolled Enactment

This is in response to your request for the views of this Department on S. 3201, the proposed "Public Works Employment Act of 1976".

This enrolled bill contains two major titles whose primary purpose is to reduce unemployment while stimulating national economic recovery by providing Federal funds to States and localities for public works projects (title I) and for maintenance of basic governmental services (title II).

This Department believes the enrolled enactment has many serious weaknesses. Title I would distribute funds without determination of need. Only a relatively small portion of the enormous total cost of S. 3201 would be available in the short-term, with title I of the enrolled bill requiring continuing outlays for many years, regardless of the condition of the economy.

Specifically, title I would authorize funds for public works until 1977, but such funds would not be utilized, given the long lead times for such projects until late 1977, 1978, or beyond, when the present economic recovery is anticipated to be in full swing. Additionally, title I would authorize



what is essentially a new categorical public works grant program at a time when the Administration has been actively advocating consolidation of such programs in order to allow communities to address their greatest needs.

Further, title II, a public service employment program, would base formula allocations on the amount of State and local revenue sharing amounts. As a result, fund allocations would not be strictly related to actual needs. Moreover the statutory eligibility requirement of a four percent local unemployment rate would provide much of the available funding to cities without serious economic problems at the expense of those with the most pressing needs. Title II also might encourage escalation in State and local public employee wage settlements, since part of the cost of such settlements would in effect be paid by the Federal government for as long as the relevant unemployment rate remained above 4.5 percent. And, as noted above, it could be difficult to terminate a public service employment program when the need for such a program ended, since termination could mean politically sensitive layoffs of public employees. The continuation of widespread but unneeded public employment could fan inflation and lead to renewed municipal fiscal crises. Finally, the bill mandates the expenditure of these counter cyclical funds on public service employment, barring localities from using these funds for other anti-recessionary measures that the local government might consider more crucial.

In our enrolled enactment report on H. R. 5247, 94th Congress -- a bill which contained provisions substantially similar to titles I and II of S. 3201 -- we proposed, and the President mentioned approvingly in his veto message, an alternative approach, built upon the existing Community Development Block Grant Program. The alternative was designed to address the problems toward which measures such as H. R. 5247 and S. 3201 are directed in a constructive manner and at a relatively low cost, while avoiding their many pitfalls. A provision embodying this anti-recession revenue sharing concept was passed by the House (section 18 of S. 3295) but it appears



that prospects for favorable action on this alternative, in view of the fact that it has been deleted in conference, are likely to be remote during the present Congressional session, unless this enrolled bill is successfully vetoed. Although S. 3201 does attempt to address problems facing many communities, the measure contains so many deficiencies in approach, we recommend that the President disapprove this enrolled enactment.

Sincerely,



Robert R. Elliott



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: ~~July~~ 2 *at Quor*

Time: 300pm

FOR ACTION: Bill Seidman
 Steve McConahey
 Paul Leach
~~Dick Parsons~~
 George Humphreys
 Lynn May

cc (for information): Jack Marsh
 Paul Myer Jim Cavanaugh
 David Lissy Ed Schmults
 Max Friederick *garcia*
 Ken Lazarus
 Robert Hartmann (veto message att.)
 Alan Greenspan (veto message)

FROM THE STAFF SECRETARY

DUE: Date: July 3

Time: 300pm

SUBJECT:

S. 3201 - Public Works Employment Act of 1976

ACTION REQUESTED:

- | | |
|-------------------------------------------------------|---------------------------------------------------|
| <input type="checkbox"/> For Necessary Action | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> 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

Date: July 2

Time: 300pm

FOR ACTION: ✓ Bill Seidman
 Steve McConahey
 Paul Leach
 Dick Parsons
 George Humphreys
 Lynn May

cc (for information): Jack Marsh
 Paul Myer Jim Cavanaugh
 David Lissy Ed Schmults
 Max Friedersdorf
 Ken Lazarus
 Robert Hartmann (veto message att.)
 Alan Greenspan (veto message)

FROM THE STAFF SECRETARY

DUE: Date:

Time:

~~3:00pm~~

SUBJECT:

S. 3201 - Public Works Employment Act of 1976

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

Disapproval
JW



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 M. Cannon
 For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 2

Time: 300pm

FOR ACTION: Bill Seidman
Steve McConahey
Paul Leach
Dick Parsons
George Humphreys
Lynn May

cc (for information): Jack Marsh
Paul Myer Jim Cavanaugh
David Liss Ed Schmults
Max Friedersdorf
Ken Lazarus
Robert Hartmann (veto message att.)
Alan Greenspan (veto message)

FROM THE STAFF SECRETARY

DUE: Date:

July 3

Time:

2:00pm

SUBJECT:

S. 3201 - Public Works Employment Act of 1976

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

Disapprove

WMD



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 M. Cannon
For the President

THE WHITE HOUSE
WASHINGTON

Art: Counsel's Office (Lazarus)
recommends veto and recommends that
it be done in media event so public
understands.

Judy 7/3

George Humphreys recommends sign.



THE WHITE HOUSE
WASHINGTON

Art: George and Steve are the only DC staff who got back to me with comments. CEA was sent a copy of the veto message but they also did not work today. I have spoke to Roger Porter numerous times today (he said they would recommend veto) but he has been reworking the veto message which he did not like at all. He will put his revision on my desk and I will put in on yours Sunday, but if you happen to beat me to the office, it will be on my desk.

Judy 7/3 6:25pm

FYI I am attaching a copy of the Feb. veto message (Roger asked me to find a copy for him so I Xeroxed one for you too.) Original OMB bill report is attached for Tab A of your memo.

THE WHITE HOUSE

WASHINGTON

July 3, 1976

MEMORANDUM FOR JUDY JOHNSON

FROM: ROGER B. PORTER *RBP*
SUBJECT: S. 3201

I have spoken with Mr. Seidman who concurs in my judgment that the President should disapprove S. 3201. Seidman also feels that it is important that we reaffirm in any veto message our support for H.R. 11860 in order to give our friends in the Congress an alternative to support.

A substantially revised veto message is attached. It draws heavily upon the veto message of H.R. 5247. Since the language on that previous veto message was approved through an interagency process I drew on it heavily in order to prevent the need for excessive restaffing.

I am not completely satisfied with the draft veto message, however, and would like to sleep on it tonight and tomorrow and get Paul O'Neill's reaction to it.

I am also attaching a draft signing statement prepared, at my request, by the Department of Labor.



Attachments

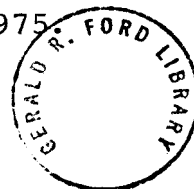
To the Senate:

I am returning without my approval S. 3201, the Public Works Employment Act of 1976.

It was almost five months ago that the Senate sustained my veto of a similar bill, H.R. 5247, and the compelling reasons supporting that veto are even more persuasive today with respect to S. 3201.

I yield to no one in my concern over the effects of unemployment and my desire to increase the number of jobs available as rapidly as is prudently possible. Supporters of this bill claim that it represents a solution to the problem of unemployment. This is simply untrue. The truth is that this bill would do little to create jobs for the unemployed. While it is represented as the solution to our unemployment problems, in fact it is little more than an election year pork barrel.

When I vetoed H.R. 5247 last February, I pointed out that it was unwise to stimulate even further an economy which was showing signs of a strong and steady recovery. Since that time the record speaks for itself. The rate of unemployment has declined to 7.5 percent as compared to 7.8 percent at the start of this year. The present 7.5 percent unemployment rate is a full one percent lower than the average unemployment rate of 8.5 percent last year. More importantly, one and one-third million more Americans now have jobs than was the case six months ago. We have accomplished this without a resurgence of inflation which plunged the country into the severe recession of 1975.



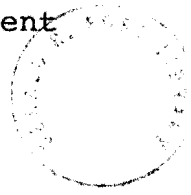
S. 3201 would authorize almost \$4 billion in additional Federal spending -~~2~~ 2 billion for public works, \$1.25 billion for countercyclical aid to state and local governments, and \$700 million for EPA waste water treatment grants.

Beyond the intolerable addition to the budget, S. 3201 has several serious deficiencies. First, relatively few new jobs would be created. The bill's sponsors estimate that S. 3201 would create 325,000 new jobs. Our estimates within the Administration indicate that at most some 160,000 work-years of employment would be created -- and that would be over a period of several years. The peak impact would come in late 1977 or 1978 and would come to no more than 50,000 to 60,000 new jobs.

Second, this will create few new jobs in the immediate future. With peak impact on jobs in late 1977 or early 1978, this legislation will be adding stimulus to the economy at precisely the wrong time: when the expansion will already be well underway.

Third, the cost of producing jobs under this bill would be intolerably high, probably in excess of \$25,000 per job.

Fourth, it is inflationary since it would increase Federal spending and consequently the budget deficit by as much as \$1.5 billion in 1977 alone. Basic to job creation in the private sector is reducing the ever increasing demands of the Federal government for funds. Federal government



borrowing to support deficit spending reduces the amount of money available for productive investment at a time when many experts are predicting that we face a shortage of private capital in the future. Less investment means fewer jobs and less production per worker. Padoxically, a bill designed as a job creation measure may, in the long run, prove just the opposite.

I recognize there is merit in the ~~the~~ argument that some areas of the country are suffering from exceptionally high rates of unemployment and that the Federal government should provide assistance. My budgets for fiscal years 1976 and 1977 do, in fact, seek to provide such assistance.

Beyond my own budget recommendations, I believe that in addressing the immediate needs of some of our cities hardest hit by the recession, another measure already introduced in the Congress, H.R. 11860, provides a far more reasonable and constructive approach than the bill I am vetoing.

H.R. 11860 targets funds on those areas with the highest unemployment so that they may undertake high priority activities at a fraction of the cost of S. 3201. The funds would be distributed exclusively under an impartial formula as opposed to the pork barrel approach represented by the bill I am returning today. Moreover, H.R. 11860 builds upon the successful Community Development Block Grant program. That program is in place and working well, thus permitting H.R. 11860 to



be administered without the creation of a new bureaucracy. I would be glad to consider this legislation more favorably should the Congress formally act upon it as an alternative to S. 3201.

The best and most effective way to create new jobs is to pursue balanced economic policies that encourage the growth of the private sector without risking a new round of inflation. This is the core of my economic policy, and I believe that the steady improvements in the economy over the last half year on both the unemployment and inflation fronts bear witness to its essential wisdom. I intend to continue this basic approach because it is working.

My proposed economic policies are expected to foster the creation of 2 to 2.5 million new private sector jobs in 1976 and more than 2 million additional jobs in 1977. These will be lasting, productive jobs, not temporary jobs payrolled by the American taxpayer.

This is a policy of balance, realism, and common sense. It is an honest policy which does not promise a quick fix.

My program includes:

-- Large and permanent tax reductions that will leave more money where it can do the most good: in the hands of the American people;

-- Tax incentives for the construction of new plants and equipment in areas of high unemployment;

-- Tax incentives to encourage more low and middle income

Americans to invest in common stock;

-- More than \$21 billion in outlays for important public works such as energy facilities, wastewater treatment plants, roads, and veterans' hospitals representing a 17 percent increase over the previous fiscal year.

I ask Congress to act quickly on my tax and budget proposals, which I believe will provide the jobs for the unemployed that we all want.



I am signing today the Public Works Employment Act of 1976 to provide for direct grants to state and local governments for public works and other essential functions when the unemployment rate is high.

Over the last year, we have made substantial progress in reducing unemployment, and I expect this trend to continue in the months ahead. As I made clear in my State of the Union message, the primary aim of this Administration is to create good, permanent jobs in the private sector, not temporary, dead-end jobs that are demeaning to the worker and inflationary for the nation. The policies of this Administration have worked: Since March of last year, 3.1 million jobs have been created in the private sector.

We cannot overlook, however, the hardship caused by unemployment: to the teenager looking for a first job; to the disadvantaged thousands in our inner cities; to the heads of households. Extended unemployment insurance has gone a long way to ease the effects of the recession, but it is not enough. Americans want jobs, not relief. And the fact is it takes time for American industry to generate the millions of jobs our nation will require to reach full-employment.

The Public Works Employment Act provides a temporary means of getting Americans back to work while the long-term policies we have implemented over the last two years revive the economy. These are not make-work jobs. The Act is a long-term investment that will give us new dams, new water treatment facilities, new schools and other needed projects.

Though far lower than its predecessor, the cost of this bill is high. And there is no doubt that this public works program, like those that have come before it, contains an element of pork barrel politics. But beyond these shortcomings, the need for jobs is of overriding importance, particularly in the construction industry where the impact of the recession has been especially harsh.



THE WHITE HOUSE
WASHINGTON

Additional editorial changes are marked on the research copy in red which were made per Naomi Sweeney's July 2 memorandum.



7/2/76 - 3:15 pm

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 2

Time: 300pm

FOR ACTION: Bill Seidman
 Steve McConahey cc (for information): Jack Marsh
 Paul Leach Paul Myer Jim Cavanaugh
 Dick Parsons David Lissy Ed Schmults
 George Humphreys Max Friedersdorf
 Lynn May Ken Lazarus
 FROM THE STAFF SECRETARY Robert Hartmann (veto message att.)
 Alan Greenspan (veto message)

DUE: Date:

July 3

Time:

2:00pm

SUBJECT:

S. 3201 - Public Works Employment Act of 1976

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

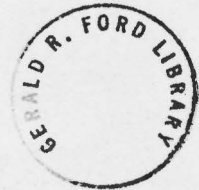
Draft Remarks

OK as Edited [Signature] 7/13/76

REMARKS:

please return to Judy Johnston, Ground Floor West Wing

*7/2/76 - copy sent for researching nm
7/3/76 - Researched copy returned. nm*



*LAST DAY TO VETO 7/7
Needs to be to Pres. 7/5*

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 M. Cannon
For the President

TO THE SENATE



I am returning without my approval S. 3201, the Public Works Employment Act of 1976.

It was ~~slightly~~ ^{almost} more than five months ago that the Senate sustained my veto of a similar bill, H.R. 5247, and the compelling reasons supporting that veto are even more persuasive today with respect to S. 3201.

I yield to no one in my concern over the effects of unemployment and my desire to increase the number of jobs available as

rapidly as is prudently possible. At the same time, however,

I have an obligation to the American people to reject what I believe to be ill-conceived legislation.

The American taxpayers are ~~(sick and)~~ tired of merely throwing money at problems, at promising more than the government can

deliver, and of heavy-handed Federal programs. This bill represents ^{more} election pork-barrel legislation ~~at its worst.~~ ^{-- in the worst possible form.}

When I vetoed H.R. 5247 last February, I pointed out that it was unwise to stimulate even further an economy which was showing signs of a strong and steady recovery. Since that time, the record speaks for itself: The rate of unemployment has continued to decline, now standing at 7.3 percent as compared to 7.8 percent at the start of this year. More importantly, one and one-half million more Americans now have jobs than was the case six months ago and this healthy trend ^{is expected to} ~~in all likelihood~~ ~~will~~ continue. We have accomplished this without a resurgence of inflation which plunged the country into the severe recession of 1975.

S. 3201 would authorize almost \$4 billion in additional Federal spending -- \$2 billion for public works, \$1.25 billion for "countercyclical" aid to State and local governments, and \$700 million for EPA wastewater treatment grants.



No major objections to this bill are that:

~~It~~ would not substantially affect unemployment. Claims

are made that it would result in 325,000 new jobs.

Based on past experience, a more realistic estimate

is that fewer than 160,000 work-years of employment

would be provided. Because the impact would be

spread over three or four years, the increase in

employment in any one year would be no more than

50,000-60,000.

~~It~~ is poorly timed since the peak employment period

would ~~not~~ occur *between one and two* ~~within one to two~~ years from now,

when the worst of the unemployment problem will be

well behind us. This is even more the case with the

additional \$700 million authorized for EPA waste-

water treatment grants. The long lead time needed

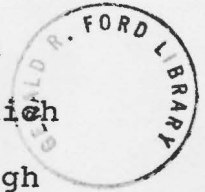
to get this type of facility under construction is

well known.

~~The bill~~ is expensive, costing the taxpayers more than \$25,000 for each new year of employment created.

~~The bill~~ is inflationary since it would increase Federal spending, and consequently the budget deficit, by as much as \$1.5 billion in 1977 alone, and possibly even more in subsequent years. The higher deficits coupled with the stronger inflationary pressures would

undoubtedly raise interest rates. This could lead to a reduction of investment spending which is ultimately ^{required if we are} ~~necessary for us~~ to obtain a high level of productive jobs.



This lower investment spending would reduce increases in productive capacity at a time when large increases are required for a strong recovery without inflation. A rekindling of inflation could easily throw us back into another recession, possibly more severe than the one we have just been through. Paradoxically ^{this} bill, designed to be a job creation measure, may in the long run prove to be a job destruction bill.

The countercyclical revenue sharing program in this bill is just the sort of undesirable Federal spending we can ill-afford to ~~indulge in~~ if we are serious about bringing the Federal budget into balance by 1979. Rather than encouraging greater economies and more prudent fiscal management by States and cities, this measure would merely reinforce the tendency for growing public expenditures at these levels of government.

In returning S. 3201, I want to remind the Congress once again that it has failed to act on, or rejected, a series of recommendations I made to ensure that the private sector of our economy is free from unnecessary regulation and will have adequate supplies of capital so it can continue to create permanent and lasting jobs for all Americans. This process may not have ^{some} the political ~~charm~~ ^{attraction} of more direct, interventionist schemes, but it is far more likely to result in significant and permanent improvements in the living standards of all our citizens.

I therefore urge the Congress to abandon the quick-fix approach embodied in this bill and instead adopt proposals which restrain the growth in Federal spending. If we are to have a healthy economy to deal with our employment problems, Federal Government borrowing to support deficit spending must be slowed. S. 3201 only accelerates it.

I cannot stress too strongly the importance of pursuing balanced economic policies that encourage the growth of the private sector without risking additional inflation. ^{That} ~~This~~ is how the problem of unemployment is ^{presently} being overcome, and ^{this} the only way ~~it can be overcome~~ ^{to provide} for the permanent health of our economy.



THE WHITE HOUSE

July 1, 1976

7/2/76 - 3:15 pm

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 2

Time: 300pm

FOR ACTION: Bill Seidman
Steve McConahey
Paul Leach
Dick Parsons
George Humphreys
Lynn May

cc (for information): Jack Marsh
Paul Myer Jim Cavanaugh
David Lissy Ed Schmults
Max Friedersdorf
Ken Lazarus
Robert Hartmann (veto message att.)
Alan Greenspan (veto message)

FROM THE STAFF SECRETARY

DUE: Date:

July 3

Time:

2:00pm

SUBJECT:

S. 3201 - Public Works Employment Act of 1976

10:00 AM
7/3 10:25
GAJ/m
7/2 10:25
7/2
to Rep 3:41
7/2 9 AM

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

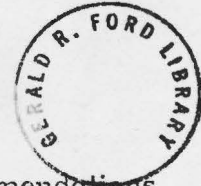
Draft Reply

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.

James M. Cannon
For the President



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

July 2, 1976

MEMORANDUM FOR BOB LINDER

FROM:

NAOMI SWEENEY

Naomi Sweeney

SUBJECT:

Enrolled Bill Memo and Veto Statement on S. 3201

The unemployment rate for the month of June (7.5 percent) was announced today. The enrolled bill memo and veto statement on S. 3201, which was transmitted to the President this morning, refers to the unemployment rate for the month of May (7.3 percent). These documents should be corrected before they reach the President.

The fifth paragraph, second sentence, on page 5 of the enrolled bill memo should be corrected to read: "Since last January, the unemployment rate has fallen .3 percent and 1.3 million more people have become employed. (This is four times the number of jobs that even the proponents claim S. 3201 would generate.)"

Our proposed veto statement should also be changed. The third and fourth sentences in the fifth paragraph should be changed to read: "The present rate of unemployment, 7.5 percent, is a full one percent lower than the average unemployment rate of 8.5 percent last year. More importantly, one and one-third million more Americans now have jobs than was the case six months ago."



TO THE SENATE



I am returning without my approval S. 3201, the Public Works Employment Act of 1976.

Feb 19, 1976

It was ~~slightly more than~~ ^{almost} five months ago that the Senate sustained my veto of a similar bill, H.R. 5247, and the compelling reasons supporting that veto are even more persuasive today with respect to S. 3201.

I yield to no one in my concern over the effects of unemployment and my desire to increase the number of jobs available as rapidly as is prudently possible. At the same time, however, I have an obligation to the American people to reject what I believe to be ill-conceived legislation.

The American taxpayers are sick and tired of merely throwing money at problems, at promising more than the government can deliver, and of heavy-handed Federal programs. This bill represents election pork-barrel legislation at its worst.

When I vetoed H.R. 5247 last February, I pointed out that it was unwise to stimulate even further an economy which was showing signs of a strong and steady recovery. Since that

time, the record speaks for itself: The rate of unemployment has continued to decline, now standing at 7.3 percent as compared to 7.8 percent at the start of this year.

July 2, 1976

~~More importantly, one and one-half million more Americans now have jobs than was the case six months ago and this healthy trend in all likelihood will continue. We have accomplished this without a resurgence of inflation which plunged the country into the severe recession of 1975.~~
7.5 percent, is a full one percent lower than the average unemployment rate of 8.5 percent last year. More importantly, one and one-third million more Americans now have jobs than was the case six months ago.

See Memo of July 2 - OMB

OMB
 S. 3201 would authorize almost \$4 billion in additional Federal spending -- \$2 billion for public works, \$1.25 billion for "countercyclical" aid to State and local governments, and \$700 million for EPA wastewater treatment grants.

This bill:

- . Would not substantially affect unemployment. Claims are made that it would result in 325,000 new jobs. Based on past experience, a more realistic estimate is that fewer than 160,000 work-years of employment would be provided. Because the impact would be spread over three or four years, the increase in employment in any one year would be no more than 50,000-60,000.
- . Is poorly timed since the peak employment period would not occur until one-to-two years from now, when the worst of the unemployment problem will be well behind us. This is even more the case with the additional \$700 million authorized for EPA wastewater treatment grants. The long lead time needed to get this type of facility under construction is well known.
- . Is expensive, costing the taxpayers more than \$25,000 for each new year of employment created.
- . Is inflationary since it would increase Federal spending, and consequently the budget deficit, by as much as \$1.5 billion in 1977 alone, and possibly even more in subsequent years. The higher deficits coupled with the stronger inflationary pressures would



OMB
 late 1977-78

undoubtedly raise interest rates. This could lead to a reduction of investment spending which is ultimately necessary for us to obtain a high level of productive jobs.

This lower investment spending would reduce increases in productive capacity at a time when large increases are required for a strong recovery without inflation. A rekindling of inflation could easily throw us back into another recession, possibly more severe than the one we have just been through. Paradoxically, a bill designed to be a job creation measure may in the long run prove to be a job destruction bill.

The countercyclical revenue sharing program in this bill is just the sort of undesirable Federal spending we can ill-afford to indulge in if we are serious about bringing the Federal budget into balance by 1979. Rather than encouraging greater economies and more prudent fiscal management by States and cities, this measure would merely reinforce the tendency for growing public expenditures at these levels of government.

In returning S. 3201, I want to remind the Congress once again that it has failed to act on, or rejected, a series of recommendations I made to ensure that the private sector of our economy is free from unnecessary regulation and will have adequate supplies of capital so it can continue to create permanent and lasting jobs for all Americans. This process may not have the political glamour of more direct, interventionist schemes, but it is far more likely to result in significant and permanent improvements in the living standards of all our citizens.

*Private
business
incentives*



I therefore urge the Congress to abandon the quick-fix approach embodied in this bill and instead adopt proposals which restrain the growth in Federal spending. If we are to have a healthy economy to deal with our employment problems, Federal Government borrowing to support deficit spending must be slowed. S. 3201 only accelerates it.

I cannot stress too strongly the importance of pursuing balanced economic policies that encourage the growth of the private sector without risking additional inflation. This is how the problem of unemployment is being overcome, and the only way it can be overcome for the permanent health of our economy.



THE WHITE HOUSE

July 1976

THE WHITE HOUSE
WASHINGTON

Public Works Bill: Counsel's Office (Lazarus) recommends veto and also recommends that President do it in media event, there will be a problem with the public knowing why.

Judy 7/3



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 2

Time: 300pm

FOR ACTION: Bill Seidman
 Steve McConahey
 Paul Leach
 Dick Parsons
 George Humphreys
 Lynn May

cc (for information): Jack Marsh
 Paul Myer Jim Cavanaugh
 David Lissy Ed Schmults
 Max Friedersdorf
 Ken Lazarus
 Robert Hartmann (veto message att.)
 Alan Greenspan (veto message)

FROM THE STAFF SECRETARY

DUE: Date:

July 3

Time:

2:00pm

SUBJECT:

S. 3201 - Public Works Employment Act of 1976

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 Judy
G.H.
SIGN



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 M. Cannon
For the President

THE WHITE HOUSE

WASHINGTON

July 3, 1976

MEMORANDUM FOR: JUDY JOHNSTON
FROM: STEVE McCONAHEY *SCM*
SUBJECT: Comments on S. 3201, Public
Works Employment Act of 1976

I recommend that the President sign this legislation.

1. The arguments used against the job works section of the bill are weak except for the cost per job. Most of the other arguments reflect the exception rather than the rule.

In most cases:

- the focus on construction rather than the manufacturing and service is not grounds for veto.
- new facilities will not set unnecessary expenditures to municipal budgets.
- the creation of jobs will not necessarily be delayed for 6-18 months.

2. The counter cyclical proposal would not in most cases encourage expansion of municipal programs. Most municipalities are currently in (and are projected to remain) a financial crunch. CEA projections of improved financial conditions for the state and local governments reflect aggregate figures more than they reflect specific situations. Therefore, the legislation would in most cases reduce the amount of "cut backs" in facing local jurisdictions. The only real issue in my judgement is whether or not this program could be terminated once started. I do not believe this argument alone justifies a veto.

3. General Comments

I think it should be known that there is substantial support for this legislation among Republican state and local officials. Many of them believe that this is the most tolerable of the many employment proposals currently being considered by the Congress. Moreover, the recent unemployment figures, showing a slight increase, may well increase the chances of a veto override, and at the same time, provide the President with a rationale for signing the legislation. Some of the local officials feel that the President's approval of this legislation would be of benefit to them and their communities and would "get the employment issue of the President's back" with little risk to his overall fiscal and employment policies.



THE WHITE HOUSE

WASHINGTON

July 2, 1976

MEMORANDUM FOR: JIM CAVANAUGH
FROM: MAX FRIEDERSDORF *M.F.*
SUBJECT: S. 3201 - Public Works Employment Act of 1976

Although I recommend a veto, Senator Griffin's announced support for the bill and other likely resultant defections in the Senate, plus increased percentage of unemployed announced today, make probability of sustaining veto very unlikely.

If bill is vetoed, I recommend it be included in package highlighting maximum inflation and spending damage to budget.



July 2, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: MAX L. FRIEDERSDORF
SUBJECT: S. 3201, Public Works Jobs Bill

Deadline for action on the Jobs Bill is Wednesday, July 7.

Senator Bob Griffin (R-MICH) told the Michigan press today that he was recommending the President sign the bill and that he would vote to override a Presidential veto.

However, Senators Baker and McClure, as well as House Minority Leaders Rhodes and Michel recommend a veto.

There is slight chance of sustaining a veto in the House. The bill passed on May 13 by a vote of 339 - 57. The Conference Report passed on June 23 by a vote of 328 - 83. On another key vote in the House, a motion by Representative Jack Brooks to strike the counter-cyclical provision, failed, 153 - 259, during consideration of the Conference Report.

Chances are better to sustain in the Senate where the veto would be considered first.

The vote on final passage occurred in the Senate on April 13, and the bill was approved, 54 - 28, with 18 absences.

The Conference Report passed the Senate on Jun 16, by 70 - 25 with 5 absences, including Goldwater.

Five Senators switched positions and voted for the Conference Report after originally voting against the bill on final passage: Allen, Eastland, Pearson, Taft and Stennis.

Other prospects who voted for the bill would be Brock, Chiles, Fong, Hatfield, Long, McGee, Montoya, Morgan, Packwood, Percy, Sparkman and Stone.



Thus, we will need to pick up eight votes out of a prospective pool of seventeen Senators.

Prospects are not excellent, but not impossible in the Senate.

Without Griffin's leadership in rounding up votes, chances to sustain in the Senate must be rated less than 50 per cent.

bcc: Jack Marsh
Dick Cheney



urge my colleagues to join with me today in supporting this vital piece of legislation.

Mr. WRIGHT. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered. The SPEAKER. The question is on the conference report.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. HAMMERSCHMIDT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 328, nays 83, not voting 20, as follows:

[Roll No. 440]

YEAS—328

- Abzug, Adams, Addabbo, Alexander, Allen, Ambro, Anderson, Calif., Anderson, Ill., Andrews, N.C., Andrews, N. Dak., Annunzio, Ashley, Aspin, AuCoin, Badillo, Bafalis, Baldus, Baucus, Beard, R.I., Beard, Tenn., Bedell, Bennett, Bergland, Bevill, Biaggi, Biester, Blingham, Blanchard, Blouin, Boggs, Boland, Bolling, Bonker, Bowen, Breaux, Breckinridge, Brinkley, Brodhead, Brooks, Broomfield, Brown, Calif., Buchanan, Burke, Calif., Burke, Fla., Burke, Mass., Burlison, Mo., Burton, John, Burton, Phillip, Byron, Carney, Carr, Carter, Chappell, Chisholm, Clausen, Don H., Clay, Cochran, Cohen, Collins, Ill., Conte, Conyers, Corman, Cornell, Cotter, Coughlin, D'Amours, Daniels, N.J., Danielson, Davis, de la Garza, Delaney, Dellums, Derrick, Derwinski, Diggs, Dingell, Dodd, Downey, N.Y., Downing, Va., Drinan, Duncan, Oreg., Duncan, Tenn., Early, Eckhardt, Edgar, Edwards, Ala., Edwards, Calif., Eilberg, Emery, English, Esch, Evans, Colo., Evans, Ind., Ewins, Tenn., Fary, Fascell, Fish, Fisher, Flithian, Flood, Florio, Flowers, Flynt, Foley, Ford, Mich., Ford, Tenn., Forsythe, Fountain, Fraser, Frey, Fuqua, Gaydos, Gialmo, Gibbons, Gilman, Ginn, Gonzalez, Gooding, Green, Gude, Guyer, Haley, Hall, Hamilton, Hammer-schmidt, Hanley, Hannaford, Harkin, Harrington, Harris, Hayes, Ind., Hebert, Hechler, W. Va., Heckler, Mass., Hefner, Heinz, Henderson, Hicks, Hightower, Hillis, Holland, Holtzman, Horton, Howard, Howe, Hubbard, Hughes, Hungate, Hyde, Jeffords, Jenrette, Johnson, Calif., Johnson, Pa., Jones, Ala., Jones, N.C., Jones, Okla., Jones, Tenn., Jordan, Kasten, Kastenmeier, Kazen, Kemp, Keys, Koch, Krebs, Krueger, LaFalce, Leggett, Lehman, Lent, Levitas, Litton, Lloyd, Calif., Lloyd, Tenn., Long, La., Long, Md., Lott, Lujan, Lundine, McClory, McCloskey, McCormack, McDade, McFall, McHugh, McKay, McKinney, Madden, Madigan, Maguire, Mahon, Mathis, Matsunaga, Mazzoli, Meeds, Melcher, Meyner, Meavinsky, Mikva, Miller, Calif., Mineta, Minish, Mitchell, Md., Mitchell, N.Y., Moakley

- Moffett, Mollohan, Moorhead, Pa., Morgan, Mosher, Moss, Mottl, Murphy, Ill., Murphy, N.Y., Murtha, Myers, Pa., Natcher, Neal, Nedzi, Nichols, Nix, Nolan, Nowak, Oberstar, Obey, O'Brien, O'Hara, O'Neill, Ottinger, Passman, Patten, N.J., Patterson, Calif., Patterson, N.Y., Pepper, Perkins, Pettis, Pike, Pressler, Preyer, Price, Pritchard, Quillen, Railsback, Randall, Rees, Regula, Reuss, Richmond, Rinaldo, Risenhoover, Roberts, Rodino, Roe, Rogers, Roncalio, Rooney, Rose, Rosenthal, Rostenkowski, Roush, Roybal, Runnels, Ruppe, Russo, Ryan, St Germain, Santini, Sarasin, Sarbanes, Scheuer, Schroeder, Seiberling, Sharp, Shipley, Simon, Sisk, Slack, Smith, Iowa, Solarz, Spellman, Staggers, Stanton, J. William, Stark, Steed, Steiger, Wis., Stephens, Stokes

NAYS—83

- Abdnor, Archer, Armstrong, Ashbrook, Bauman, Bell, Brown, Mich., Brown, Ohio, Bryhill, Burgener, Burlison, Tex., Cederberg, Clancy, Clawson, Del., Cleveland, Collins, Tex., Conable, Crane, Daniel, Dan, Devine, Dickinson, du Pont, Erlenborn, Eshleman, Findley, Frenzel, Goldwater, Gradison, Grassley, Hagedorn, Hansen, Harsha, Holt, Hutchinson, Ichord, Jacobs, Jarman, Johnson, Colo., Kelly, Ketchum, Kindness, Lagomarsino, Latta, McCollister, McEwen, Mann, Martin, Michel, Miller, Ohio, Mills, Montgomery, Moore, Moorhead, Calif., Myers, Ind.

NOT VOTING—20

- Brademas, Conlan, Daniel, R. W., Dent, Fenwick, Hawkins, Hays, Ohio, Helstoski, Hinshaw, Karth, Landrum, McDonald, Metcalfe, Milford, Peyster, Rangel, Riegle, Sikes, Stanton, James V., Vander Jagt

The Clerk announced the following pairs:

- On this vote: Mr. Dent for, with Mr. McDonald against. Until further notice: Mr. Rangel with Mr. Conlan. Mr. Hawkins with Mr. Hays of Ohio. Mr. Milford with Mr. Karth. Mr. Sikes with Mr. Robert W. Daniel, Jr. Mr. Helstoski with Mrs. Fenwick. Mr. Brademas with Mr. James V. Stanton. Mr. Riegle with Mr. Landrum. Mr. Metcalfe with Mr. Peyster.

So the conference report was agreed to. The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate insists upon its amendments to the bill (H.R. 14236) entitled "An act making appropriations for public works for water and power development and energy research, including the Corps of Engineers—Civil, the Bureau of Reclamation, power agencies of the Department of the Interior, the Appalachian regional development programs, the Federal Power Commission, the Tennessee Valley Authority, the Nuclear Regulatory Commission, the Energy Research and Development Administration, and related independent agencies and commissions for the fiscal year ending September 30, 1977, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. STENNIS, Mr. MAGNUSON, Mr. PASTORE, Mr. MONTOYA, Mr. JOHNSTON, Mr. HUDDLESTON, Mr. McCLELLAN, Mr. RANDOLPH, Mr. HATFIELD, Mr. YOUNG, Mr. HRUSKA, Mr. SCHWEIKER, and Mr. BELLMON to be the conferees on the part of the Senate.

GENERAL LEAVE

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the motion to strike title II and also on the conference report on (S. 3201) just agreed to.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

DIRECTING THE SECRETARY OF THE SENATE TO MAKE A CORRECTION IN THE ENROLLMENT OF S. 3201

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent for the immediate consideration of the Senate concurrent resolution (S. Con. Res. 122) directing the Secretary of the Senate to make a correction in the enrollment of the bill (S. 3201) to amend the Public Works and Economic Development Act of 1965, to increase the antirecessionary effectiveness of the program, and for other purposes.

The Clerk read the title of the Senate concurrent resolution.

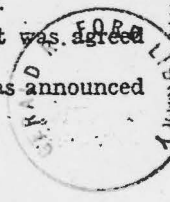
The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the Senate concurrent resolution, as follows:

S. CON. RES. 122

Resolved by the Senate (the House of Representatives concurring), That in the enrollment of the bill (S. 3201), to amend the Public Works and Economic Development Act of 1965, to increase the antirecessionary effectiveness of the program, and for other purposes, the Secretary of the Senate shall make the following correction:



ment rate of greater than 4.5 percent when the national figure is 6.1 percent. It is a controllable because the legislation will operate for only 5 calendar quarters at a rate of \$250 million per quarter.

Mr. Speaker, I believe the time has come to stop waiting for action on jobs and begin completing the task of putting America back to work. I support the countercyclical proposal and urge its retention in the conference bill.

The SPEAKER pro tempore. Without objection the previous question is ordered on the motion to strike title II.

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Texas (Mr. Brooks).

Mr. BROOKS. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 153, nays 259, not voting 19, as follows:

[Roll No. 489]
YEAS—153

Abdnor	Frey	Myers Pa.
Alexander	Fugua	Paul
Andrews	Gibbons	Pettis
N. Dak.	Goldwater	Pickle
Archer	Goodling	Poage
Armstrong	Gradison	Quie
Ashbrook	Grassley	Randall
Ashley	Guyer	Regula
Bafalis	Hagedorn	Rhodes
Bauman	Hammer-	Robinson
Beard, Tenn.	schmidt	Rose
Bedell	Hansen	Roush
Bell	Harsha	Rousselot
Bennett	Hightower	Runnels
Breckinridge	Holt	Ruppe
Brinkley	Hutchinson	Ryan
Brooks	Hyde	Satterfield
Brown, Mich.	Ichord	Schneebeli
Brown, Ohio	Jacobs	Schulze
Broyhill	Jarman	Sebelius
Buchanan	Johnson, Colo.	Shriver
Burgener	Johnson, Pa.	Shuster
Burleson, Tex.	Jones, N.C.	Sikes
Burleson, Mo.	Jones, Okla.	Skubitz
Butler	Jordan	Smith, Iowa
Cedarberg	Kasten	Smith, Nebr.
Chappell	Kelly	Snyder
Ciancy	Kemp	Spence
Clausen	Ketchum	Stanton
Don H.	Kindness	J. William
Ciawson, Del.	Krueger	Steelman
Cleveland	LaFalce	Stuckey
Cochran	Lagomarsino	Sullivan
Collins, Tex.	Landrum	Symms
Conable	Latta	Talcott
Crane	Leritas	Taylor, Mo.
Daniel, Dan	Long, Md.	Taylor, N.C.
Derwinski	Lott	Teague
Dervine	Lujan	Thone
Dickinson	McClory	Thornton
Downing, Va.	McCollister	Treen
du Pont	McEwen	Vander Jagt
Edwards, Ala.	Mabon	Waggonner
English	Mann	Wampler
Erlenborn	Michel	Whitehurst
Eshleman	Miller, Ohio	Wiggins
Evans, Ind.	Mills	Wilson, Bob
Ervin, Tenn.	Montgomery	Wilson, Tex.
Findley	Moore	Winn
Flowers	Moorhead,	Wright
Flynt	Calif.	Young, Alaska
Fountain	Mosher	Young, Tex.
Frenzel	Myers, Ind.	

NAYS—259

Abzug	Beard, R.I.	Breaux
Adams	Bergland	Brodhead
Acadabbo	Beverl	Broomfield
Allen	Biaggi	Brown, Calif.
Ambro	Bieber	Burke, Calif.
Anderson,	Bingham	Burke, Fla.
Calif.	Bianchard	Burke, Mass.
Anderson, Ill.	Blouin	Burton, John
Andrews, N.C.	Boggs	Burton, Phillip
Annuzio	Boand	Byron
Aspin	Bolling	Carney
AuCoin	Bonker	Carr
Ballio	Bowen	Carter
Baucus	Brademas	Chisholm

Clay	Chen	Hughes	Pressler
Collins, Ill.	Cheney	Hughes	Preyer
Conte	Conyers	Jeffords	Price
Conyers	Corman	Jenrette	Pritchard
Cornan	Cornell	Johnson, Calif.	Quillen
Cornell	Cotter	Jones, Ala.	Railsback
Cotter	Coughlin	Jones, Tenn.	Reuss
D'Amours	Kastenmeier	Kastenmeier	Richmond
Daniels, N.J.	Kazen	Kazen	Rinaldo
Danielson	Keys	Keys	Risenhoover
Davis	Koch	Koch	Roberts
de la Garza	Krebs	Krebs	Rodino
Delaney	Lehman	Lehman	Roe
Dellums	Lent	Lent	Rogers
Derrick	Litton	Litton	Roncalio
Diggs	Lloyd, Calif.	Lloyd, Calif.	Rooney
Dingell	Lloyd, Tenn.	Lloyd, Tenn.	Rosenthal
Dodd	Long, La.	Long, La.	Rostenkowski
Downey, N.Y.	Lundine	Lundine	Roybal
Drinan	McCloskey	McCloskey	Russo
Duncan, Oreg.	McCormack	McCormack	St Germain
Duncan, Tenn.	McDade	McDade	Santini
Early	McFall	McFall	Sarasin
Eckhardt	McHugh	McHugh	Sarbanes
Edgar	McKay	McKay	Scheuer
Edwards, Calif.	McKinney	McKinney	Schroeder
Ellberg	Madden	Madden	Seiberling
Emery	Madigan	Madigan	Sharp
Esch	Maguire	Maguire	Shipley
Evans, Colo.	Martin	Martin	Simon
Fary	Mathis	Mathis	Sisk
Fascell	Matsunaga	Matsunaga	Slack
Fish	Mazzoli	Mazzoli	Solarz
Fisher	Meeds	Meeds	Spellman
Fithian	Melcher	Melcher	Staggers
Flood	Meyner	Meyner	Stanton,
Florio	Mezvinsky	Mezvinsky	James V.
Foley	Mikva	Mikva	Stark
Ford, Mich.	Miller, Calif.	Miller, Calif.	Steed
Ford, Tenn.	Mineta	Mineta	Steiger, Ariz.
Foraythe	Mimish	Mimish	Steiger, Wis.
Fraser	Mink	Mink	Stephens
Gaydos	Mitchell, Md.	Mitchell, Md.	Stokes
Gialmo	Mitchell, N.Y.	Mitchell, N.Y.	Stratton
Gilman	Moakley	Moakley	Studds
Ginn	Moffett	Moffett	Symington
Gonzalez	Mollohan	Mollohan	Thompson
Green	Moorhead, Pa.	Moorhead, Pa.	Traxler
Gude	Morgan	Morgan	Tsongas
Haley	Moss	Moss	Udall
Hall	Mottl	Mottl	Ullman
Hamilton	Murphy, Ill.	Murphy, Ill.	Van Deerlin
Hanley	Murphy, N.Y.	Murphy, N.Y.	Vander Veem
Hannaford	Murtha	Murtha	Vanik
Harkin	Natcher	Natcher	Vigorito
Harrington	Neal	Neal	Walsh
Harris	Nedzi	Nedzi	Waxman
Hawkins	Nichols	Nichols	Weaver
Hayes, Ind.	Nix	Nix	Whalen
Hebert	Nolan	Nolan	White
Heckler, W. Va.	Novek	Novek	Whitten
Heckler, Mass.	Oberstar	Oberstar	Wilson, C.H.
Heizer	Obey	Obey	Wirth
Heinz	O'Brien	O'Brien	Wolf
Henderson	O'Hara	O'Hara	Wright
Hicks	O'Neill	O'Neill	Yates
Hillis	Orringer	Orringer	Yatron
Holland	Passman	Passman	Young, Fla.
Holtzman	Patten, N.J.	Patten, N.J.	Young, Ga.
Horton	Patterson,	Patterson,	Zablocki
Howard	Calif.	Calif.	Zerfetti
Hubbard	Pattinson, N.Y.	Pattinson, N.Y.	
	Pepper	Pepper	
	Perkins	Perkins	

NOT VOTING—19

Baldus	Hinshaw	Peyser
Conlan	Howe	Rangel
Daniel, R. W.	Karth	Rees
Dent	Leggett	Riegle
Fenwick	McDonald	Wylder
Hays, Ohio	Metcalfe	
Helstoski	Milford	

The Clerk announced the following pairs:

- Mr. Dent with Mr. Conlan.
- Mr. McDonald with Mr. Karth.
- Mr. Rangel with Mr. Rees.
- Mr. Leggett with Mr. Hays of Ohio.
- Mr. Baldus with Mr. Robert W. Daniel, Jr.
- Mr. Riegle with Mr. Wylder.
- Mr. Helstoski with Mrs. Fenwick.
- Mr. Metcalfe with Mr. Peyser.
- Mr. Milford with Mr. Howe.

Mr. KRUEGER and Mr. BRECKINRIDGE changed their vote from "nay" to "yea."

Mr. BURKE of Florida changed his vote from "yea" to "nay."

So the motion to strike was rejected. The result of the vote was announced as above recorded.

The Clerk read the statement. (For conference report and statement see proceedings of the House of June 11, 1976.)

Mr. JONES of Alabama (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the statement be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection. The SPEAKER. The gentleman from Alabama (Mr. JONES) will be recognized for 30 minutes, and the gentleman from Arkansas (Mr. HAMMERSCHMIDT) will be recognized for 30 minutes.

Mr. HAMMERSCHMIDT. Mr. Speaker, I yield myself such time as may consume.

Mr. CONTE. Mr. Speaker, will the gentleman yield?

Mr. HAMMERSCHMIDT. Mr. Speaker, I yield to the gentleman from Massachusetts.

(Mr. CONTE asked and was given permission to revise and extend his remarks.)

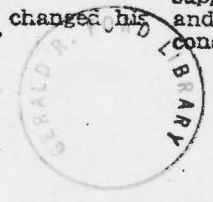
Mr. CONTE. Mr. Speaker, I rise in support of the local Public Works Employment Act (S. 3201).

I stand here as a cosponsor of the legislation as I originally stood as a cosponsor of the Local Public Works Capital Development and Investment Act (H.R. 5247) on its original passage, passage of the conference report and on the successful House vote on the override. Unfortunately, as we all well know, the other Chamber failed to override the Presidential veto by only three votes. Those three crucial votes prevented a multibillion-dollar public works program from going in effect. Had the bill been enacted in mid-April, we would have seen application grants approved by the time because it provided that applications would be deemed approved if the Department of Commerce did not act on the applications within 60 days. This legislation provides the same expeditious language.

The bill before us is essentially the same as the House-passed version—H.R. 12972, which was approved by this Chamber on May 13, 1976, with two essential changes. This legislation contains no antirecession or countercyclical provisions that the vetoed bill contained, as well as grants for publicly owned water treatment works which was part of the vetoed legislation. These items appear in the legislation as titles I and II, respectively.

The justification for title II—Public Works—of the bill is clear. We are providing jobs through the implementation of public works projects throughout the States.

Time and time again, I have stood on this floor advocating the rejuvenation programs such as the Works Project Administration—WPA—during the thirties and early forties. My reason for support of these programs is the simple fact that when projects are completed we have a tangible and concluded we have a tangible and



st recent consecutive months in excess of 10 per centum, but less than the national employment rate. Information regarding employment rates may be furnished either the Federal Government, or by States or local governments, provided the Secretary determines that the unemployment rates furnished by States or local governments are accurate, and shall provide assistance to States or local governments in the calculation of such rates to insure validity and standardization.

d) Seventy per centum of all amounts appropriated to carry out this Act shall be used for public works projects submitted by States or local governments given priority under clause (1) of the first sentence of section (c) of this section. The remaining 30 per centum shall be available for public works projects submitted by State or local governments in other classifications given priority.

e) The unemployment rate of a local government shall, for the purposes of this Act, upon request of the applicant, be based on the unemployment rate of any community or neighborhood (defined without regard to political or other subdivisions or boundaries) within the jurisdiction of such local government.

f) In determining the unemployment rate of a local government for the purposes of this section, unemployment in those adjoining areas from which the labor force for such project may be drawn shall, upon request of the applicant, be taken into consideration.

g) States and local governments making application under this Act should (1) relate to specific requests to existing approved plans and programs of a local community development or regional development nature so as to avoid harmful or costly inconsistencies and contradictions; and (2) where feasible, make requests which, although capable of being initiated, will promote or advance longer range plans and programs.

sec. 109. All laborers and mechanics employed by contractors or subcontractors on projects assisted by the Secretary under this Act shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5). The Secretary shall not extend any financial assistance under this Act for such project without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions set forth in the Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 2-15), and section 2 of the Act of June 1964, as amended (40 U.S.C. 276c).

sec. 110. No person shall on the ground that he is excluded from participation in, be denied the benefits of, or be subjected to discrimination under any project receiving Federal assistance under this Act, including any supplemental grant made under this Act. This provision will be enforced through the same provisions and rules similar to those already established, with respect to racial and other discrimination under title VI of the Civil Rights Act of 1964. However, this section shall not be exclusive and will not preclude or cut off any other legal remedies available to a discriminatee.

sec. 111. There is authorized to be appropriated not to exceed \$2,500,000,000 for the period ending September 30, 1977, to carry out this Act.

Mr. WRIGHT (during the reading). Chairman, I ask unanimous consent that the bill be considered as read,

printed in the RECORD, and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

COMMITTEE AMENDMENT

The CHAIRMAN. The Clerk will report to the committee amendment.

The Clerk read as follows:

Committee amendment: Page 7, line 16, after "government" and before the period, insert a comma and the following:

"Except that any grant made to a local government based upon the unemployment rate of a community or neighborhood within its jurisdiction must be for a project of direct benefit to, or provide employment for, unemployed persons who are residents of that community or neighborhood."

The Committee amendment was agreed to.

The CHAIRMAN. There being no further amendments, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore, Mr. McFALL, having assumed the chair, Mr. FOLEY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 12972) to authorize a local public works capital development and investment program, pursuant to House Resolution 1188, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered. The question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the yeas appeared to have it.

Mr. HAMMERSCHMIDT. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 339, nays 57, not voting 36, as follows:

[ROLL No: 269]

YEAS—339

- Abdnor, Adams, Addabbo, Alexander, Allen, Ambro, Anderson, Calif., Anderson, Ill., Andrews, N.C., Andrews, N. Dak., Annunzio, Aspin, AuCoin, Badillo, Baralis, Baldus, Baucus, Beard, R.I., Beard, Tenn., Beieil, Eennett, Bergland, Bevill, Biester, Bingham, Blanchard, Blouin, Boland, Bolling, Bonker, Brademas, Breaux, Breckinridge, Brinkley, Brodhead, Brooks, Brown, Calif., Broyhill, Burgener, Burke, Calif.,

- Burke, Fla., Burke, Mass., Burlison, Mo., Burton, John, Burton, Phillip, Byron, Carney, Carr, Carter, Chisholm, Clancy, Clausen, Don H., Clay, Cleveland, Cochran, Cohen, Collins, Ill., Conte, Conyers, Corman, Cornell, Cotter, Coughlin, D'Amours, Daniels, N.J., Danielson, de la Garza, Delaney, Dellums, Dent, Derrick, Derwinski, Diggs, Dingell, Dodd, Downey, N.Y., Downing, Va., Drinan, du Pont, Duncan, Oreg., Duncan, Tenn., Early, Eckhardt, Edgar, Edwards, Ala., Edwards, Calif., Emery, Evans, Colo., Evans, Ind., Evins, Tenn., Fary, Fascell, Fenwick, Findley, Fish, Fisher, Fithian, Flood, Florio, Flowers, Flynt, Foley, Ford, Mich., Ford, Tenn., Forsythe, Fountain, Fraser, Frey, Fuqua, Gaydos, Gialmo, Gibbons, Gilman, Ginn, Goldwater, Gonzalez, Goodling, Green, Gude, Guyer, Haley, Hall, Hamilton, Hammer-schmidt, Hanley, Harnaford, Harkin, Harrington, Harris, Harsha, Hawkins, Hayes, Ind., Hays, Ohio, Heckler, W. Va., Heckler, Mass., Hefner, Heinz, Helstoski, Hicks, Hightower, Hillis, Holland, Holtzman, Horton, Howard, Howe, Hubbard, Hughes, Hungate, Hyde, Jeffords, Jenrette, Johnson, Calif., Johnson, Colo., Johnson, Pa., Jones, Ala., Jones, N.C., Jones, Okla., Jones, Tenn., Jordan, Kasten, Kastenmeier, Kazen, Kemp, Keys, Kindness, Koch, Krebs, Krueger, LaFalce, Lagomarsino, Landrum, Leggett, Lehman, Lent, Levitas, Litton, Lloyd, Calif., Lloyd, Tenn., Long, La., Long, Md., Lott, Lujan, Lundine, McClory, McCloskey, McCormack, McDade, McEwen, McHugh, McKay, McKinney, Madden, Madigan, Maguire, Mahon, Martin, Mathis, Mazzoli, Meeds, Melcher, Metcalfe, Meyner, Mezvinsky, Mikva, Miller, Calif., Miller, Ohio, Mills, Mineta, Minish, Mink, Mitchell, Md., Mitchell, N.Y., Moakley, Moffett, Moilohan, Moore, Moorhead, Pa., Morgan, Mosher, Moss, Mottl, Murphy, Ill., Murphy, N.Y., Murtha, Myers, Ind., Myers, Pa., Natcher, Neal, Nedzi, Nichols, Nix, Nolan, Nowak, Oberstar, Obey, O'Brien, O'Hara, O'Neill, Ottinger,

- Patten, N.J., Patterson, Calif., Pattison, N.Y., Pepper, Perkins, Pettis, Peyser, Pickle, Pike, Pressler, Freyer, Price, Fritchard, Guillen, Rangel, Rees, Regula, Reuss, Richmond, Rinaldo, Risenhoover, Roberts, Rodino, Roe, Rogers, Roncalio, Rooney, Rose, Rosenzweig, Rostenkowski, Roush, Roybal, Bunnels, Ruppe, Ruseo, Ryan, St Germain, Santini, Sarasin, Scheuer, Schroeder, Schuize, Selberling, Sharp, Shipley, Shuster, Sikes, Simon, Slak, Smith, Iowa, Solarz, Spellman, Spence, Staggers, Stanton, J. William, Stark, Steed, Steiger, Wis., Stokes, Stratton, Stuckey, Studts, Symington, Talcott, Taylor, N.C., Thompson, Thornton, Traxler, Trean, Tsongas, Van Deerlin, Vander Jagt, Vander Veen, Vanik, Vigorito, Waggonner, Walsh, Wampler, Waxman, Weaver, Whalen, White, Whitten, Wilson, Bob, Wilson, C. H., Wilson, Tex., Wirth, Wolff, Wright, Wydler, Yates, Yatron, Young, Alaska, Young, Fla., Young, Tex., Zablocki, Zeferetti,



NAYS—57

Archer	Gradison	Quie
Armstrong	Grassley	Rhodes
Ashbrook	Hagedorn	Robinson
Bauman	Holt	Rousselot
Brown, Mich.	Hutchinson	Schneebell
Brown, Ohio	Ichord	Sebelius
Burleson, Tex.	Jacobs	Shriver
Butler	Jarman	Skubitz
Clawson, Del.	Kelly	Smith, Nebr.
Collins, Tex.	Ketchum	Snyder
Conaole	Latta	Steelman
Conlan	McCollister	Steiger, Ariz.
Craze	McDonald	Symms
Daniel, Dan	Mann	Taylor, Mo.
Daniel, R. W.	Michel	Thone
Devine	Montgomery	Whitehurst
Dickinson	Moorhead,	Winn
English	Calif.	Wyllie
Erlenborn	Paul	
Frenzel	Poage	

NOT VOTING—38

Abzug	Eshleman	Riegle
Ashley	Hansen	Sarbanes
Bell	Hébert	Satterfield
Biaggi	Henderson	Stanton,
Boggs	Hinshaw	James V.
Bowen	Karth	Stephens
Broomfield	McFall	Sullivan
Buchanan	Macdonald	Teague
Cederberg	Matsunaga	Udall
Chappell	Millford	Wiggins
Davis	Passman	Young, Ga.
Eilberg	Railsback	
Esch	Randall	

The Clerk announced the following pairs:

- Mrs. Boggs with Mr. Bell.
- Mr. Hébert with Mr. Broomfield.
- Mr. Eilberg with Mr. Matsunaga.
- Mr. Biaggi with Mr. Teague.
- Mr. Satterfield with Mr. Stephens.
- Ms. Abzug with Mr. Young of Georgia.
- Mr. Riegle with Mr. Karth.
- Mr. Passman with Mr. Henderson.
- Mr. Udall with Mr. Randall.
- Mr. Sarbanes with Mr. Wiggins.
- Mr. Davis with Mr. Esch.
- Mr. Chappell with Mr. Ashley.
- Mr. Millford with Mr. Macdonald of Massachusetts.
- Mr. Bowen with Mr. Buchanan.
- Mr. James V. Stanton with Mr. Eshleman.
- Mrs. Sullivan with Mr. Cederberg.
- Mr. McFall with Mr. Railsback.

Mr. BAFALIS and Mr. GOLDWATER changed their votes from "nay" to "yea."

So the bill was passed.
The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. WRIGHT, Mr. Speaker, pursuant to the provisions of House Resolution 1188, I call up from the Speaker's table the Senate bill (S. 3201) to amend the Public Works and Economic Development Act of 1965, to increase the anti-recessionary effectiveness of the program, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

MOTION OFFERED BY MR. WRIGHT

Mr. WRIGHT, Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WRIGHT moves to strike out all after the enacting clause of the Senate bill S. 32017 and to insert in lieu thereof the provisions of H.R. 12972, as passed, as follows:

Sec. 101. This act may be cited as the "Local Public Works Capital Development and Investment Act of 1976".

Sec. 102. As used in this title, the term—

(1) "Secretary" means the Secretary of Commerce, acting through the Economic Development Administration.

(2) "State" includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

(3) "local government" means any city, county, town, parish, or other political subdivision of a State, and any Indian tribe.

Sec. 103. (a) The Secretary is authorized to make grants to any State or local government for construction (including demolition and other site preparation activities), renovation, repair, or other improvement of local public works projects including but not limited to those public works projects of State and local governments for which Federal financial assistance is authorized under provisions of law other than this Act. In addition the Secretary is authorized to make grants to any State or local government for the completion of plans, specifications, and estimates for local public works projects where either architectural design or preliminary engineering or related planning has already been undertaken and where additional architectural and engineering work or related planning is required to permit construction of the project under this Act.

(b) The Federal share of any project for which a grant is made under this section shall be 100 per centum of the cost of the project.

Sec. 104. In addition to the grants otherwise authorized by this Act, the Secretary is authorized to make a grant for the purpose of increasing the Federal contribution to a public works project for which Federal financial assistance is authorized under provisions of law other than this Act. Any grant made for a public works project under this section shall be in such amount as may be necessary to make the Federal share of the cost of such project 100 per centum. No grant shall be made for a project under this section unless the Federal financial assistance for such project authorized under provisions of law other than this Act is immediately available for such project and construction of such project has not yet been initiated because of lack of funding for the non-Federal share.

Sec. 105. In addition to the grant otherwise authorized by this Act, the Secretary is authorized to make a grant for the purpose of providing all or any portion of the required State or local share of the cost of any public works project for which financial assistance is authorized under any provision of State or local law requiring such contribution. Any grant made for a public works project under this section shall be made in such amount as may be necessary to provide the requested State or local share of the cost of such project. A grant shall be made under this section for either the State or local share of the cost of the project, but not both shares. No grant shall be made for a project under this section unless the share of the financial assistance for such project (other than the share with respect to which a grant is requested under this section) is immediately available for such project and construction of such project has not yet been initiated.

Sec. 106. (a) No grant shall be made under section 103, 104, or 105 of this Act for any project having as its principal purpose the channelization, damming, diversion, or dredging of any natural watercourse, or the construction or enlargement of any canal (other than a canal or raceway designated for maintenance as an historic site) and having as its permanent effect the channelization, damming, diversion, or dredging of such watercourse, or construction or enlargement of any canal (other than a canal or raceway designated for maintenance as an historic site).

(b) No part of any grant made under section 103, 104, or 105 of this Act shall be used

for the acquisition of any interest in real property.

(c) Nothing in this Act shall be construed to authorize the payment of maintenance costs in connection with any projects constructed (in whole or in part) with Federal financial assistance under this Act.

(d) Grants made by the Secretary under this Act shall be made only for projects for which the applicant gives satisfactory assurances, in such manner and form as may be required by the Secretary and in accordance with such terms and conditions as the Secretary may prescribe, that, if funds are available, on-site labor can begin within ninety days of project approval.

Sec. 107. The Secretary shall, not later than thirty days after date of enactment of this Act, prescribe those rules, regulations, and procedures (including application forms) necessary to carry out this Act. Such rules, regulations, and procedures shall assure that adequate consideration is given to the relative needs of various sections of the country. The Secretary shall consider among other factors (1) the severity and duration of unemployment in proposed project areas, (2) the income levels and extent of underemployment in proposed project area, and (3) the extent to which proposed projects will contribute to the reduction of unemployment. The Secretary shall make a final determination with respect to each application for a grant submitted to him under this Act not later than the sixtieth day after the date he receives such application. Failure to make such final determination within such period shall be deemed to be an approval by the Secretary of the grant requested. For purposes of this section, in considering the extent of unemployment or underemployment, the Secretary shall consider the amount of unemployment or underemployment in the construction and construction-related industries.

Sec. 108. (a) Not less than one-half of 1 per centum or more than 10 per centum of all amounts appropriated to carry out this title shall be granted under this Act for local public works projects within any one State, except that in the case of Guam, Virgin Islands, and American Samoa, not less than one-half of 1 per centum in the aggregate shall be granted for such projects in all three of these jurisdictions.

(b) In making grants under this Act, the Secretary shall give priority and preference to public works projects of local governments.

(c) In making grants under this Act, if for the three most recent consecutive months, the national unemployment rate is equal to or exceeds 8½ per centum, the Secretary shall (1) expedite and give priority to applications submitted by States or local governments having unemployment rates for the three most recent consecutive months in excess of the national unemployment rate and (2) shall give priority thereafter to applications submitted by States or local governments having unemployment rates for the three most recent consecutive months in excess of 6½ per centum, but less than the national unemployment rate. Information regarding unemployment rates may be furnished either by the Federal Government, or by States or local governments, provided the Secretary determines that the unemployment rates furnished by States or local governments are accurate, and shall provide assistance to States or local governments in the calculation of such rates to insure validity and standardization.

(d) Seventy per centum of all amounts appropriated to carry out this Act shall be granted for public works projects submitted by State or local governments given priority under clause (1) of the first sentence of subsection (c) of this section. The remaining 30 per centum shall be available for public works projects submitted by State or local

I have mentioned: a deployment and worthwhile benefit.

device in the Senate were available funds as general dropped. At the time I presented the bill, it would have been available from a total of \$2.5 billion for title construction programs. Under present conditions, that amount would be reduced even further, and the jobless rate in the country in this country is already what I said on the floor: that the amount of construction decreased in April of this year. That is the reason, when we expect to begin in construction, the availability of the trigger does not invalidate the bill's recession measure. This measure is not an open question; it is authorized only to underscore this fact in November 1977. That is slightly less than 5 months.

That these funds must be available will further limit the availability of the program.

The reasoning of the opposition is understandable so as they express their concern that the proposal is too expensive. As passed by the House, it contains a maximum of \$6.2 billion. The trigger would reduce the amount available to an effective cost of \$4.2 billion.

The conference report, although provisional, shows that the available funds for public works made reductions elsewhere, and the total authorized amount is less than the total authorization.

I understand the desire of the conferees for realistic legislation that would be passed.

Mr. WEAVER and Mr. McCLURE are conferees of the Public Works program. They have contributed much to the development of legislation in this area. I regret that they have not been present for the majority of the time. In this instance, I believe it would be invalid and urge the conferees to make their determination to remove the vestiges of recession by the conference report on the Employment Act.

THE PRESIDING OFFICER. All time has been spent on agreeing on the conference report. The clerk will call the roll.

Mr. C. BYRD. I announce that the Senator from Missouri (Mr. GOLDWATER) and the Senator from Indiana (Mr. GOLDWATER) are absent because of a family emergency.

Mr. SCOTT. I announce that the Senator from Arizona (Mr. GOLDWATER) and the Senator from Michigan (Mr. GOLDWATER) are absent because of a family emergency.

Mr. WEICKER are necessarily

I further announce that, if present and voting, the Senator from Connecticut (Mr. WEICKER) would vote "yea."

The result was announced—yeas 70, nays 25, as follows:

[Rollcall Vote No. 296 Leg.]
YEAS—70

- | | | |
|-----------------|-----------------|-----------|
| Abourezk | Hart, Philip A. | Morgan |
| Allen | Hartke | Moss |
| Bentsen | Haskell | Muskie |
| Eiden | Hatfield | Nelson |
| Brock | Hathaway | Nunn |
| Brooke | Hollings | Packwood |
| Bumpers | Huddleston | Pastore |
| Burdick | Humphrey | Pearson |
| Byrd, Robert C. | Inouye | Pell |
| Cannon | Jackson | Percy |
| Case | Javits | Randolph |
| Chiles | Johnston | Ribicoff |
| Church | Kennedy | Schweiker |
| Clark | Leahy | Sparkman |
| Cranston | Long | Stafford |
| Culver | Magnuson | Stennis |
| Durkin | Mansfield | Stevenson |
| Eagleton | Mathias | Stone |
| Eastland | McGee | Taft |
| Fong | McGovern | Talmadge |
| Ford | McIntyre | Tunney |
| Glenn | Metcalf | Williams |
| Gravel | Mondale | |
| Hart, Gary | Montoya | |

NAYS—25

- | | | |
|--------------|-----------|-------------|
| Baker | Domenici | Proxmire |
| Bartlett | Fannin | Roth |
| Beall | Garn | Scott, Hugh |
| Bellmon | Hansen | Scott |
| Buckley | Helms | William L. |
| Byrd | Hruska | Stevens |
| Harry F. Jr. | Laxalt | Thurmond |
| Curtis | McClellan | Tower |
| Dole | McClure | Young |

NOT VOTING—5

- | | | |
|-----------|-----------|---------|
| Bayh | Griffin | Weicker |
| Goldwater | Symington | |

So the conference report was agreed to.

Mr. MONTOYA. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. RANDOLPH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MONTOYA. Mr. President, I send to the desk a concurrent resolution and ask for its immediate consideration.

The PRESIDING OFFICER. The concurrent resolution will be stated.

The Senate will be in order. The clerk will suspend. Will Senators take their seats, please? Cease conversation.

Mr. MONTOYA addressed the Chair.

The PRESIDING OFFICER. We will not proceed until the Senate is in order.

The clerk will proceed.

The second assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 122) directing the Secretary of the Senate to make corrections in the enrollment of S. 3201.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

Mr. MONTOYA. Mr. President, this resolution is necessary to correct an error in the enrollment of S. 3201.

In the printing of the House amendment a line was omitted. The pending resolution authorizes the Secretary of the Senate to make the appropriate correction in the enrollment.

The concurrent resolution (S. Con. Res. 122) was considered and agreed to as follows:

Resolved by the Senate (the House of Representatives concurring), That in the enrollment of the bill (S. 3201), to amend the Public Works and Economic Development Act of 1965, to increase the antirecessionary effectiveness of the program, and for other purposes, the Secretary of the Senate shall make the following correction:

Strike out the third sentence of section 104 of the bill and insert in lieu thereof the following:

"No grant shall be made for a project under this section unless the Federal financial assistance for such project authorized under provisions of law other than this Act is immediately available for such project and construction of such project has not yet been initiated because of lack of funding for the non-Federal share."

TAX REFORM ACT OF 1976

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar Order No. 331, H.R. 10612.

The PRESIDING OFFICER. The bill will be stated by title.

The second assistant legislative clerk read as follows:

A bill (H.R. 10612) to reform the tax laws of the United States.

The PRESIDING OFFICER. Without objection, the Senate will proceed to its consideration.

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with amendments.

RECESS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that in addition to the 5 p.m. time certain agreed to, the Senate now stand in recess for an additional 3 minutes.

There being no objection, the Senate, at 3:57 p.m., recessed until 5 p.m.

During the recess the Senate, preceded by its Secretary, Francis R. Valeo, and its Sergeant at Arms, F. Nordy Hoffmann, proceeded to the Old Senate Chamber for the purpose of reassembling in legislative session for ceremonies in the Old Senate Chamber.

CEREMONIES IN THE OLD SENATE CHAMBER

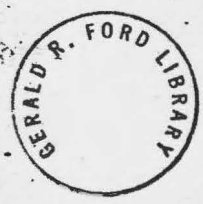
Pursuant to Senate Resolution 446, the Senate reassembled in legislative session for ceremonies in the Old Senate Chamber previously used by the Senate from 1810 to 1859, for the dedication and re-opening of that meetingplace to the people of the United States as a historical shrine on the 200th anniversary of the founding of the Nation.

The Senate was called to order by the Vice President, NELSON A. ROCKEFELLER.

The VICE PRESIDENT. I welcome all of you to this historic ceremony.

All of us who cherish the heritage of this Nation are deeply indebted to those who led this brilliant restoration of the Old Senate Chamber, Senator MANSFIELD and Senator SCOTT, and the Architect of the Capitol, George White and his colleague, Mario Campioli, and all those who worked with them.

The life of our Nation echoes from the walls of this Chamber. History makers



adly needed Federal funds to al-
 em to maintain vital public serv-
 recessor has forced many States
 cal governments as well to face
 rd choice of reducing expenditures
 ing taxes in order to maintain bal-
 budgets. Some have been forced
 both. These cutbacks have meant
 public services, job layoffs, reduced
 venues, and a continuing cycle of
 ion that may be almost impossible
 ne areas to break without the kind
 ergency assistance provided under
 nendment.

home State of New Jersey has been
 l to cut more than \$350 million from
 l billion budget that would have
 little more than maintain services
 ir fiscal year 1975 level. Education,
 i and medical services, and public
 have all felt the weight of these
 cks. Despite this budget reduction,
 one of the highest tax rates in the
 n New Jersey's State government
 und it necessary to ask the legisla-
 o enact a State income tax.

course, the need to maintain public
 es is not the only problem which
 nendment addresses. The Federal
 nment's efforts to stimulate the
 ny and to encourage the process of
 ry is weakened if the fiscal prob-
 of our State and local units of gov-
 are permitted to go unrelieved.

Tax Reduction Act of 1975 and the
 quent extension of the tax cuts were
 ng the most important tools that
 res has used to combat the reces-
 However, if State and local govern-
 s must increase their own taxes in
 r to support a minimum level of serv-
 the beneficial effects of the tax cuts
 reduced, and the Federal Govern-
 t's effort to bring about full economic
 very is substantially undermined.

nder the countercyclical antire-
 on amendment. The Federal Govern-
 ant would authorize a maximum of
 5 billion of which New Jersey would
 ive a sizable share. This amount
 ld be spread over five succeeding
 ndar quarters to begin with the
 d quarter of 1976, which begins on
 1, 1976. To trigger this assistance,
 average rate of national unemploy-
 t must have reached 6 percent dur-
 a previous calendar quarter. The
 of payments to be received by State
 local governments would depend on
 amount they receive in revenue shar-
 funds, and the extent to which their
 employment rate exceeds the national
 rage. Local governments could ext-
 to receive the largest share of anti-
 ssionary payments, as they are allo-
 ed the largest portion of revenue
 ring funds.

Mr. President, the economic recovery
 our country depends upon a variety
 interrelated approaches. The anti-
 ssion assistance legislation before us
 ay provides a responsible method of
 unneling urgently needed financial as-
 sance to areas where recession has
 pardized the delivery of essential pub-
 services, while enhancing the overall
 federal effort to provide a stable eco-
 mic climate. I urge its adoption.

The PRESIDING OFFICER. The ques-

tion is, Shall the bill pass? The yeas and
 nays have not been ordered.

Mr. MANSFIELD. Mr. President, I ask
 for the yeas and nays.

The PRESIDING OFFICER. Is there a
 sufficient second? There is a sufficient
 second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The ques-
 tion is, Shall the bill pass? On this ques-
 tion the yeas and nays have been or-
 dered, and the clerk will call the roll.

The assistant legislative clerk called
 the roll.

Mr. ROBERT C. BYRD. I announce
 that the Senator from South Dakota
 (Mr. ABOUREZEK), the Senator from Dela-
 ware (Mr. BIDEN), the Senator from
 Idaho (Mr. CHURCH), the Senator from
 Indiana (Mr. HARTKE), the Senator from
 Washington (Mr. JACKSON), the Sena-
 tor from Arkansas (Mr. McCLELLAN), the
 Senator from Wyoming (Mr. McGEE),
 the Senator from California (Mr. TUN-
 NIKY), the Senator from Colorado (Mr.
 HASKELL), and the Senator from Mon-
 tana (Mr. METCALF) are necessarily ab-
 sent.

I further announce that the Senator
 from North Carolina (Mr. MORGAN), and
 the Senator from Missouri (Mr. EAGLE-
 TON) are absent on official business.

I further announce that, if present
 and voting, the Senator from Washing-
 ton (Mr. JACKSON), the Senator from
 Wyoming (Mr. McGEE), and the Senator
 from North Carolina (Mr. MORGAN)
 would each vote "yea".

Mr. GRIFFIN. I announce that the
 Senator from Nebraska (Mr. CURTIS),
 the Senator from Hawaii (Mr. FONG), the
 Senator from Nebraska (Mr. HRUSKA),
 the Senator from Maryland (Mr.
 MATHIAS), and the Senator from Illinois
 (Mr. PERCY) are necessarily absent.

I further announce that the Senator
 from Idaho (Mr. McClure) is absent
 due to a death in the family.

On this vote, the Senator from Mary-
 land (Mr. MATHIAS) is paired with the
 Senator from Nebraska (Mr. HRUSKA).

If present and voting, the Senator
 from Maryland would vote "aye" and the
 Senator from Nebraska would vote
 "nay".

The result was announced—yeas 54,
 nays 28, as follows:

[Rollcall Vote No. 150 Leg.]

YEAS—54

Bayh	Hart, Philip A.	Moss
Bentsen	Hatfield	Muskie
Brock	Hathaway	Nelson
Brooke	Hollings	Nunn
Bumpers	Huddleston	Packwood
Burdick	Humphrey	Pastore
Byrd, Robert C.	Inouye	Pell
Cannon	Javits	Randolph
Case	Johnston	Ribicoff
Chiles	Kennedy	Schweiker
Clark	Leahy	Sparkman
Cranston	Long	Stafford
Culver	Magnuson	Stevenson
Durkin	Mansfield	Stone
Ford	McGovern	Symington
Glenn	McIntyre	Talmadge
Gravel	Mondale	Welcker
Hart, Gary	Montoya	Williams

NAYS—28

Allen	Byrd,	Garn
Baker	Harry F., Jr.	Goldwater
Bartlett	Doie	Griffin
Beall	Donenici	Hansen
Bellmon	Eastland	Helms
Buckley	Fannin	Laxalt

Pearson
 Proxmire
 Roth
 Scott, Hugh

Scott,
 William L.
 Stennis
 Stevens

Taft
 Thurmond
 Tover
 Young

NOT VOTING—18

Abourezk	Hartke	McClure
Elden	Haskell	McGee
Church	Hruska	Metcalf
Curtis	Jackson	Morgan
Eagleton	Mathias	Percy
Fong	McClellan	Tunney

So the bill (S. 3201), as amended, was
 passed, as follows:

S. 3201

Be it enacted by the Senate and House
 of Representatives of the United States of
 America in Congress assembled, That this
 Act may be cited as the "Public Works Em-
 ployment Act of 1976".

TITLE I—GENERAL PROVISIONS

Sec. 101. Title I of the Public Works and
 Economic Development Act of 1965, as
 amended, is amended by adding the follow-
 ing new section at the end thereof:

"Sec. 107. (a) Upon the application of any
 State, political subdivision thereof, or In-
 dian tribe, the Secretary is authorized to
 make grants for the purpose of increasing
 the Federal contribution to a public works
 project for which Federal financial assist-
 ance is authorized under provisions of law
 other than this section. Any grant made for
 a public works project under this subsection
 shall be in such amount as may be neces-
 sary to make the Federal share of the cost
 of such project 100 per centum. No grant
 shall be made for a project under this sec-
 tion unless the Federal financial assistance
 for such project authorized under provi-
 sions of law other than this section is im-
 mediately available for such project, and
 construction of such project has not yet
 been initiated because of lack of funding
 for the non-Federal share as of the date of
 enactment of this section. No part of any
 grant made under this subsection shall be
 used for the acquisition of any interest in
 real property.

"(b) (1) The Secretary of Commerce shall
 provide financial assistance to federally as-
 sisted projects authorized and for which
 funds have been obligated at the time of
 enactment of the Public Works Employment
 Act of 1976 which because of rapid in-
 creases in wages or cost of materials cannot
 be initiated and completed within the
 amount obligated for the project: *Provided*,
 That nothing in this subsection shall au-
 thorize an increase in the maximum percent-
 age of the Federal contribution for any pro-
 ject for which funds have been obligated.

"(2) To be eligible for assistance under
 this section, the State, or political subdivi-
 sion thereof, Indian tribes, public or private
 nonprofit group or association, or other eligi-
 ble applicants to which Federal financial
 assistance is provided must submit an appli-
 cation to the Secretary setting forth informa-
 tion on the project, job effectiveness of the
 project, and the benefits to the community
 or region served by the project. The Secre-
 tary after reviewing the applications and
 with the concurrence of the agency, depart-
 ment, or instrumentality of the Federal Gov-
 ernment funding the project shall provide
 funds for those projects which best serve the
 employment objectives of this section.

"(c) Upon the application of any State,
 political subdivision thereof, or Indian tribe,
 the Secretary is authorized to make grants
 for construction (including demolition and
 other site preparation activities), rebova-
 tion, repair, or other improvement of local
 public works facilities including, but not
 limited to, those public works projects of
 State and local governments for which Fed-
 eral financial assistance is authorized under
 provisions of law other than this Act. No part
 of any grant made under this subsection



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 2

Time: 300pm

FOR ACTION: Bill Seidman
Steve McConahey
Paul Leach
Dick Parsons
George Humphreys
Lynn May

cc (for information): Jack Marsh
Paul Myer Jim Cavanaugh
David Lissy Ed Schmults
Max Friedersdorf
Ken Lazarus
Robert Hartmann (veto message att.)
Alan Greenspan (veto message)

FROM THE STAFF SECRETARY

DUE: Date:

July 3

Time:

2:00pm

SUBJECT:

S. 3201 - Public Works Employment Act of 1976

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

Revised Disapproval
J. L. Cannon



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 M. Cannon
For the President