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**MEETING WITH
GOP CONGRESSIONAL LEADERS**

Tuesday, February 17, 1976

8:00 A. M.

THE PRESIDENT HAS SEEN

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THE WHITE HOUSE

WASHINGTON

February 16, 1976

MEETING WITH REPUBLICAN CONGRESSIONAL LEADERS

Tuesday, February 17, 1976

8:00-9:00 a.m. (60 minutes)

The Cabinet Room

From: Max L. Friedersdorf

M.L.F.

I. PURPOSE

To discuss the jobs bill public works veto and the defense budget with the Republican leaders.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background:

1. The House will vote Thursday on an attempt to override the President's veto of H.R. 5247, "The Public Works Employment Act of 1975."
2. A veto will be difficult to sustain in the House where there were only 80 votes against the Conference Report on January 29.
3. There is a better opportunity to sustain in the Senate where there were 28 votes against the bill last July 29.
4. Secretary of Defense Rumsfeld has requested the opportunity to brief the leaders on the President's request for the Fiscal Year 1977 Defense Budget.

H.R. 5247

B. Participants: See TAB A

C. Press Plan: Announce to the Press as a regular Republican leadership meeting - White House photographer only.

III. TALKING POINTS

1. Jobs Bill veto - See TAB B
2. Defense budget - See TAB C

IV. AGENDA

See TAB D

PARTICIPANTS

The President
The Secretary of Defense
The Secretary of Housing and Urban Development

SENATE

Hugh Scott
Bob Griffin
John Tower
Bob Stafford
Ted Stevens
Howard Baker
Bill Brock
Henry Bellmon
Strom Thurmond

HOUSE

John Anderson
Sam Devine
Jack Edwards
Guy Vander Jagt
Garry Brown
Jim Cleveland
Del Latta
Al Johnson
Bill Stanton
Jim Quillen
Lou Frey

STAFF

Bob Hartmann
Jack Marsh
Dick Cheney
Brent Scowcroft
Max Friedersdorf
Bill Baroody
Ron Nessen
Phil Buchen
Jim Cannon
Jim Lynn
Bill Seidman
Alan Greenspan
Doug Bennett
Vern Loen
Bill Kendall
Charles Leppert
Tom Loeffler
Joe Jenckes
Russ Rourke
Bob Wolthuis
Roy Hughes
Paul O'Neill

REGRETS (all out of town)

The Vice President
Senator Curtis
Senator McClure
Rep. John Rhodes
Rep. Bob Michel
Rep. Barber Conable
Rep. Al Cederberg
Rep. Bill Harsha
Rep. Bob Wilson
Rogers Morton

TALKING POINTS ON H. R. 5247, THE PUBLIC
WORKS EMPLOYMENT ACT OF 1975

-- 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. Moreover, the bill has so many deficiencies and undesirable provisions that it would do more harm than good. While it is represented as the solution to our unemployment problems, in fact it is little more than an election year pork barrel.

MAIN DEFICIENCIES:

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

-- Relatively few new jobs would be created. The bill's sponsors estimate that H. R. 5247 would create 600,000 to 800,000 new jobs. Those claims are badly exaggerated. Our estimates within the Administration indicate that at most some 250,000 jobs 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 100,000 to 120,000 new jobs. This would represent barely a one tenth of one percent improvement in the unemployment rate.

-- This will create almost no new jobs in the immediate future, when those jobs are needed. 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 recovery will already be far advanced.

-- Title II of the bill provides preferential treatment to those units of government with the highest taxes without any distinction between those jurisdictions which have been efficient in holding down costs and those that have not.

-- Under this legislation it would be almost impossible to assure taxpayers that these dollars are being responsibly and effectively spent.

Effective allocation of over \$3 billion for public works on a project-by-project basis would take many months or years. The provision that project requests be approved automatically unless the Commerce Department acts within 60 days will preclude any useful review of the requests, and prevent a rational allocation of funds.

-- This bill would create a new urban renewal program less than two years after the Congress replaced a nearly identical program -- as well as other categorical grant programs -- with a broader, more flexible Community Development block grant program.

ALTERNATIVES TO H. R. 5247:

-- There is merit in 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.

-- 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.

-- 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.

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 H. R. 5247. The funds would be distributed exclusively under an impartial formula as opposed to the pork barrel approach. 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 H. R. 5247.

TALKING POINTS ON DEFENSE BUDGET FOR FY 77

Secretary Rumsfeld will discuss the rationale which has been used in testimony before both Armed Services Committees, both Appropriations Committees, and the House Budget Committee.

Main points:

1. Sufficiency of U.S. military capability today
2. Assessment of the balance now

Strategic Nuclear Forces
Naval Forces
Central European Forces

3. Trends in U.S. Defense Spending (1964-1977)
4. Trends in Soviet Defense Spending

Military Manpower
Ship Construction
Ground Forces Equipment

5. U.S. and USSR Trends in Military Capability (1965-1975)

Strategic Nuclear Forces
Naval Forces
Ground Force Equipment

6. How the FY 77 Budget relates to the trends

By Appropriation
Cutbacks and restraints

7. Myth of flexibility in Defense Budget

8. Importance of upcoming decisions by Congress (15 March resolution; 15 May resolution).

AGENDA

- 8:00-8:05 a.m.
(5 minutes) The President opens the meeting and introduces the subject of the Public Works bill veto.
- 8:05-8:15 a.m.
(10 minutes) The President requests Jim Lynn and Paul O'Neill to review Administration objections to the Public Works bill.
- 8:15-8:25 a.m.
(10 minutes) The President requests the leaders (Rhodes, Michel, Scott and Griffin) to report on efforts to sustain the veto.
- 8:25-8:30 a.m.
(5 minutes) The President calls on Representative Garry Brown to explain alternative legislation to the Public Works bill. (Bob Griffin is the Senate sponsor and HUD Secretary Hills also will be present.)
- 8:30-8:45 a.m.
(15 minutes) Defense Secretary Rumsfeld briefs on the President's Fiscal Year 1977 Defense Budget request.
- 8:45-9:00 a.m.
(15 minutes) The President invites questions on the Defense budget.
- 9:00 a.m. The President concludes the meeting.