

The original documents are located in Box 62, folder “1976/09/29 - President” of the James M. Cannon Files at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

MEETING WITH THE PRESIDENT
Wednesday, September 29, 1976
10:15 a.m.
Oval Office
Re: CETA

11:15

P*

Calif community
admin has been
not R.S.

~~Don~~ (San Francisco)
Tuesday



THE WHITE HOUSE

WASHINGTON

September 28, 1976

MEMORANDUM FOR: JIM CONNOR
FROM: JIM CANNON *[Handwritten signature]*
SUBJECT: Public Works Appropriations Bill

I recommend that the President sign the Public Works Employment appropriation bill (H.R. 15194).

The President took an unmistakably clear position in opposition to the authorizing legislation. The issue was fought vigorously and Congress indicated, by overriding the President's veto, that it did not accept the arguments against this legislation.

I believe the President should state his continued disapproval of the concept behind this legislation but indicate his acceptance that in this case further confrontations with Congress are pointless.

He should indicate his intention to monitor this appropriation during the next 12 months so that he can report accurately the specific number of jobs which are created and to provide his assessment of its impact on inflation.

Attached is a suggested draft signing statement.

I am today signing H.R. 15194, the Public Works Employment Appropriations Act of 1976.

In July I vetoed the authorizing legislation which made this \$3.95 billion appropriation necessary. I said then, and I still believe, that these funds will not create lasting jobs but will create new inflationary pressures.

I said then and I still believe that 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.

Congress rejected my veto. This Congress has not recognized the fallacy of having the American taxpayer finance pork-barrel projects and make-work jobs. Congress refuses to recognize the inflationary risk in this Public Works Appropriation.

However, another confrontation with Congress on this bill is pointless.

We must nevertheless continue to challenge the Congress on the underlying principle of this pork-barrel, make-work legislation.

I am therefore signing H.R. 15194 and directing the appropriate departments of this Administration to make, over the next year, a careful month-by-month audit of

expenditures under this Appropriation to determine just how many jobs are created, how much it costs the taxpayer to create each job, and just what impact there is on inflation.

In accepting this Appropriation, I call upon the Congress to request the General Accounting Office to conduct a parallel audit of the results of this legislation. This is an expensive test but Congress will not see the fallacy of its approach until we can show through an audit what we know to be the facts.

TALKING POINTS:

1. The enactment of the General Revenue Sharing Conference Report is essential before you go home.
2. It is my understanding that the Conference Report must be protected against points of order in order to preserve the additional funds which were unanimously agreed to by the Conference Committee.
3. You have asked me to indicate to you today my intentions in regard to the Public Works Appropriation and CETA bills. I am prepared to do so only if I have your commitment that the General Revenue Sharing Conference Report is fully protected from all points of order and cleared for my signature this week.

THE WHITE HOUSE
WASHINGTON

September 15, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: L. WILLIAM SEIDMAN *LWS*

SUBJECT: Conference Committee Action on Extension of
the Public Service Employment Program

The Conference Committee has completed action on H.R. 12987, the Emergency Jobs Program Extension Act of 1976. Before they began their deliberations, the conferees were informed of your decision of August 30 that you supported an extension of the program (Title VI) at current levels as long as new employees were limited to the long-term unemployed.

The Conference version targets 50 percent of the job openings resulting from attrition to the long-term unemployed and limits all jobs resulting from an increase in the size of the program to the long-term unemployed. As expected, the size of the program has been left open for resolution at the appropriations stage.

This memorandum discusses whether you should sign the bill as it emerged from conference and how your position should be explained to the public.

Issue 1: Should you sign the conference bill which limits only 50 percent of new positions to the long-term unemployed?

Option 1: Sign H.R. 12987

Advantages:

- o The bill establishes the principle that the public service jobs program should be targetted to the long-term unemployed. This is consistent with your original request for this program in October 1974.
- o You can justifiably claim credit for the provisions in the bill limiting eligibility to the long-term unemployed since this was the thrust of your original proposal and since your position, as conveyed to the conferees, almost certainly was responsible for the limitations that are included in the conference version.

- o Support for H.R. 12987 is consistent with your announced high priority for jobs and desire to more effectively target Federal outlays for jobs programs.
- o A major reason the eligibility limitations were not applied across the board is the crime wave in Detroit where PSE funds were used to rehire laid off policemen.

Option 2: Veto H.R. 12987

Advantages:

- o The bill continues a 260,000 emergency job program at a time when we are in the midst of a healthy recovery.
- o If you sign the authorization bill, it may prove impractical to oppose an increase in the size of the program at the appropriation stage if the appropriation for this program is included in an omnibus bill at the end of the session.

Decision

Option 1 _____ Sign H.R. 12987

Supported by: Labor, Commerce, Treasury, OMB
Cannon, Friedersdorf, Marsh

Option 2 _____ Veto H.R. 12987

Supported by: Greenspan*

* Given the options I would recommend a veto. However, I wonder whether there are other potential options such as allowing the bill to become law without your signature or alternatively signing the extension of the act but being prepared to veto an omnibus appropriations bill if the amounts for the public service jobs program and/or other elements in the omnibus appropriations bill are excessive.

Philip Buchen: I would lean towards recommending that the President sign H.R. 12987. However, before making a firm recommendation, I would want to see the OMB report on the enrolled bill.

Issue 2: Should you announce your position on H.R. 12987 before final congressional action or wait to announce your position when the bill reaches your desk?

The House is scheduled to vote on the Conference Report on Thursday, September 16. The bill should reach the Senate early the week of September 20.

If you decide to sign the bill, regardless of when you make your position known, your statement could rely on two bases: (1) the importance of targetting public service jobs on the long-term unemployed now that the recovery is proceeding well; (2) the appropriateness of relaxing present restrictions as an emergency measure to permit urban areas confronted with unrest to rehire law enforcement officers.

The Department of Labor anticipates that the House Appropriations Committee will begin consideration of a supplemental appropriation for this program the week of September 20.

Option 1: Issue a statement on H.R. 12987 before Senate action on the Conference Report.

Advantages:

- o Issuing a statement before final congressional action puts you in the position of leading rather than reacting since you could call upon the Congress to pass or defeat the bill.

Disadvantages:

- o If you reveal your position on the bill before congressional action is completed, this could encourage the Appropriations Committees to increase the size of the program substantially since the authorization bill authorizes "such sums as may be provided."

Option 2: Make no statement on H.R. 12987 until the bill reaches your desk.

If you decide to sign the bill and the Appropriations Committees have not acted, you could take the initiative on program size by announcing submission of a supplemental appropriation request in your signing statement.

Advantages:

- o Permits you to withhold a public commitment to the bill until the size of the program is more clearly defined.
- o Uncertainty as to your intentions can be used to obtain greater leverage with the appropriations committees.

Disadvantage:

- o Puts you in the position of reacting rather than leading.

Decision

Option 1 _____ Issue a statement on H.R. 12987 before Senate action on the Conference Report.

Supported by: Commerce, Friedersdorf

Option 2 _____ Make no statement on H.R. 12987 until the bill reaches your desk.

Supported by: Labor, OMB, CEA, Marsh, Buchen



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

September 28, 1976

ACTION

MEMORANDUM FOR: THE PRESIDENT
FROM: JAMES T. LYNN
SUBJECT: Public Works Appropriations Bill

I. ISSUE

The Congressional leadership has agreed to adjourn sine die if you will agree not to use your "pocket veto" on the Public Works Jobs appropriation bill. However, your pocket veto would be available for a significant number of bills passed by Congress near the end of its session.

II. BACKGROUND

The Public Works Employment appropriation bill (H.R. 15194) provides \$3.95 billion for public works projects, countercyclical aid, and waste treatment construction. The measure passed the House by a vote of 311 to 72; the Senate vote was 60 to 14.

On July 21, the Senate overrode your veto of the authorizing legislation by a vote of 73 to 24 and the House did likewise by a vote of 310 to 96.

For the reasons set forth in my memorandum of August 31, 1976, I believe that a veto of this legislation could not be sustained. See Tab A.

III. OPTIONS

1. Accept the compromise by agreeing to sign or veto the bill while Congress is in session. (If this option is selected, see pages 2-3 of Tab A for pros and cons of signing or vetoing bill.) Whether you decide to sign or veto, accepting the compromise has the following advantages and disadvantages.

PRO

- . Permits you to use the pocket veto to thwart other undesirable pieces of legislation which have been enacted by this Congress.

CON

- . Forces you to take affirmative action on this controversial legislation.
2. Reject the compromise by holding the bill.

PRO

- . Permits you to avoid taking affirmative action by allowing the bill to become law without your signature after passage of ten days.

CON

- . Since Congress will probably not adjourn sine die unless you act on this bill, pocket vetoes will not be possible. This will give Congress an opportunity to override your vetoes of other legislation when they return.

IV. RECOMMENDATION

We recommend that you accept the compromise by acting on the bill while Congress is in session.

Approve _____ Disapprove _____

Further, we continue to recommend that you sign rather than veto the bill, for the reasons described in the memo at Tab A.



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

8-31-76

ACTION

MEMORANDUM FOR: THE PRESIDENT

FROM: JAMES T. LYNN

SUBJECT: Public Works Appropriations Bill

I. BACKGROUND

On July 21, 1976, the Senate voted 73 to 24 to override your veto of the Public Works Employment Act of 1976; the following day the House also voted to override; 310 to 96. The House Appropriations Committee subsequently initiated action to appropriate the funds authorized in the Act. The Committee reported a bill, H.R. 15194, which was passed by the House on August 25, 1976, by a vote of 311 to 72.

H.R. 15194 provides: (1) \$2.0 billion--the full authorization for grants to State and local governments for public works projects, (2) \$1.250 billion--the full authorization--for countercyclical payments to States and local governments primarily for personal services, and (3) \$200 million--\$500 million less than authorized--for waste treatment construction grants. The Administration has signaled its strong opposition to the funding levels contained in this bill. The amounts would add to inflationary pressures and fund an ineffective means for dealing with the problems of unemployment.

Quick Senate action on the appropriations legislation is expected and it is almost certain that a bill will be on your desk shortly for action. The purpose of this memorandum is to raise the issue of how to deal with the legislation early enough, so that you will have time for thoughtful consideration and consultation with your advisors. You will also be able to consider what impact, if any, the August unemployment rate should have on your decision, since that rate will be announced on Friday, September 3.

II. OPTIONS

The two basic options are:

- #1. Veto the bill. This would be consistent with your current position on the legislation and the action which you took with respect to the authorization bill.
- #2. Sign the bill. This would avoid further confrontation with Congress over this legislation.

Option #1. Veto the bill

PRO

- . While the unemployment rate has increased slightly since you vetoed the authorization bill; from 7.5 percent in June to 7.8 percent in July, there have been no fundamental shifts in the general economic recovery which now argue for accepting this legislation.
- . The funding levels contained in the House passed bill are a good example of politically motivated and uncontrolled Congressional spending.
- . Funding the Public Works Employment Act would offer the public an unrealistic promise of dealing with unemployment in the short-run, while actually setting the stage for over-stimulation of the economy in the long-run.

CON

- . An override of your veto is virtually certain in view of the overwhelming votes in support of the authorization bill in both houses and the recent House vote on the pending appropriations bill.

- In contradiction to arguments about the impact of this legislation on the general economy, proponents of the funds will point to the problems confronting the construction industry, with its current unemployment rate of 17.7 percent.
- Despite your best efforts to educate the public as to the real cost and inflationary impact of this legislation, the general perception is that it is worthwhile, since it will create some jobs.

Option #2. Sign the Bill

PRO

- This would avoid a repeat of the unsuccessful confrontation with the Congress over the authorization bill and avert an almost certain override of a veto.
- It would still permit an opportunity to issue a statement reaffirming your opposition in principle to this inflationary legislation, but would recognize the futility of continued opposition.

CON

- Accepting the bill would somewhat contradict your consistent strong opposition to the approach embodied in this legislation for dealing with the problem of unemployment.
- It may also permit your opponents to impugn the sincerity of your efforts to hold down Federal spending.

III. RECOMMENDATION

This bill presents a very close question for your decision. Our opposition to the Public Works Employment program continues unabated. However, we are confronted with a situation in which we have no reasonable hope of sustaining a veto. In view of this, we recommend that you sign this bill.

TALKING POINTS:

1. The enactment of the General Revenue Sharing Conference Report is essential before you go home.
2. It is my understanding that the Conference Report must be protected against points of order in order to preserve the additional funds which were unanimously agreed to by the Conference Committee.
3. You have asked me to indicate to you today my intentions in regard to the Public Works Appropriation and CETA bills. I am prepared to do so only if I have your commitment that the General Revenue Sharing Conference Report is fully protected from all points of order and cleared for my signature this week.