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[Sept. 1975]

STATEMENT OF  
THE SHEET METAL AND AIR CONDITIONING CONTRACTORS'  
NATIONAL ASSOCIATION  
BEFORE THE  
COMMITTEE ON LABOR AND PUBLIC WELFARE  
SUBCOMMITTEE ON LABOR  
UNITED STATES SENATE  
ON THE  
PROPOSED  
CONSTRUCTION INDUSTRY COLLECTIVE BARGAINING ACT OF 1975  
S. 2305

Mr. Chairman and Members of the Committee:

This statement is being submitted to clarify the position of the Sheet Metal and Air Conditioning Contractors' National Association (SMACNA), in light of the recent controversy surrounding S. 2305, entitled the Construction Industry Collective Bargaining Act of 1975.

SMACNA has for years been in favor of reform of the collective bargaining process in the construction industry. We have actively pursued and supported efforts to do so, however, we do not feel that S. 2305 has the ingredients to stabilize the construction industry. We think it is important to establish a balance at the bargaining table between labor and management. The bargaining imbalance which has existed for years has seriously contributed to the excessive wage and fringe benefit settlements



which have in turn contributed to the inflationary spiral. S. 2305 creates an even greater imbalance in one of its provisions by placing the ultimate responsibility of a consummated labor-management agreement in the hands of international unions at the national level without similar management authority. Thus, not only does the final contract consummation move from the local to the national level, but, more specifically, it is placed solely in the hands of labor. Bargaining at the national level in and of itself can be a good concept, but here again, why is it considered necessary in S. 2305 to give management even less say so than before?

Collective bargaining "reform" in the construction industry has all the outward appearances of motherhood, apple pie and the American flag. However, any legislation to that end must address itself to the realities of collective bargaining and the relationship of labor and management in the construction industry. SMACNA sees little, if any, meaningful and substantive reform in S. 2305 as proposed. Any reform should address the problems by correcting the ills and problems through permanent restructuring. S. 2305 seeks a temporary solution to an ever-existing problem. It resembles the machinery of the construction industry stabilization committee (CISC) which attempted to slow down inflation by involving temporary controls. The record of CISC initially showed restraint in wage settlements, however, since its dissolution we have had most areas "catch up" to current levels and have received increases far in excess of the



national average, cost of living index, consumer price index, et cetera.

The effects of S. 2305 will be no different. The powers of the Committee to consider local contract disputes is optional and not mandatory. The existence of effective dispute machinery in the crafts is sparse and certainly an international union president is reluctant to come up with a restraint on wages and fringes which would be unpopular with one of his constituent local unions. Although such authority in the hands of international unions can be very beneficial, it becomes a very dubious distinction when such a responsibility is not shared with the respective management associations. This leaves the persuasiveness of the Collective Bargaining Committee Members as the last resort for responsible settlements. This is an impossible task, at best, even with the best of persuasive powers, to-wit: the operation of the CISC.

S. 2305 is being represented as endorsed by both management and labor. This is a misunderstanding, because there are a number of construction management groups who are definitely not in favor of this proposal and more importantly, most construction management groups were not consulted in the drafting stage nor after it was finalized. Some token information was given to the Counsel of Construction Employers of which SMACNA is a member, however, the information was not specific until Friday, September 5, 1975. It was then introduced in the Senate on September 9 and the House on September 10. Hearings were held immediately thereafter without any further consultation or opportunity to weigh all of the





ingredients of this legislation. Furthermore, it is our understanding that S. 2305 is supposed to be a "trade off" for S. 1479, Common Situs Picketing. This is totally unacceptable. We are discouraged, dismayed and extremely disappointed with these tactics. If this legislation is truly significant in its reform then it could stand scrutiny from any and all factions within the construction industry. Anyone who has taken the time to analyze HR 9500 and who understands the construction industry must oppose it because it does not have the ingredients necessary to effectively satisfy the intent; namely, "to promote peaceful resolution of disputes between labor and management." SMACNA urges all Members of Congress to obtain an accurate picture of the bargaining realities in the construction industry. Only then can the proper steps be taken with legislation which addresses the problem and not just the symptoms.

SMACNA does not take this position without having some very realistic solutions which could be considered. SMACNA's very existence is dedicated to stabilizing the collective bargaining process. For years the sheet metal industry has had a no-work-stoppage grievance and contract settlement procedure but even then negotiations have been an essential ingredient and must take place at the bargaining table. SMACNA's experience with this machinery points out again that only when those representatives at the table are equal in the authority they receive from their respective constituents can responsible bargaining take place.



Under present law all members of a union are represented at the bargaining table by their duly authorized committee. This is not true for management. We submit that when all contractors in the industry, just like all union workers in the industry, are represented by their collective bargaining committee then a balance between management and labor could be brought about in the best interest of the consumer (public) who, in the final analysis, will pay for any and all increases. This kind of reform suggests equality in its restructuring. The ingredients of this proposal also suggest greater effectiveness on the part of labor as well as management at the bargaining table.

If this Committee or anyone else desires further information from SMACNA on this issue, we would be most happy to supply it. In the meanwhile, SMACNA respectfully and strongly urges that S. 2305 be opposed as written, unless it includes meaningful and permanent restructuring of the collective bargaining process in the construction industry. Thank you for granting us the opportunity to present this statement.





# THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA

1957 E STREET, N. W. • WASHINGTON, D. C. 20006 • 202/393-2040

STATEMENT OF THE  
ASSOCIATED GENERAL CONTRACTORS OF AMERICA  
TO THE  
HOUSE COMMITTEE ON EDUCATION AND LABOR

September 11, 1975

Mr. Chairman and Members of the Committee, my name is Laurence F. Rooney. I am President of the Manhattan Construction Company, Muskogee, Oklahoma. I am a contractor operating with collective bargaining agreements. I am accompanied today by S. Peter Volpe, President of the Volpe Construction Company, Malden, Massachusetts, a building contractor operating with collective bargaining agreements and James M. Sprouse, Executive Vice President of the association. Mr. Volpe currently serves as Vice President of the AGC and both of us are members of the Executive Committee. Mr. Volpe and Mr. Sprouse are, in addition, members of the Collective Bargaining Committee in Construction.



Yesterday you heard the distinguished Secretary of Labor explain in detail the deplorable conditions currently existing in the collective bargaining process in construction. We are acutely aware of those conditions because we, like many others, suffer from them. We agree with the Secretary of Labor that collective bargaining reform legislation

is absolutely necessary for the continuation and, I fear, the survival of the construction industry as we know it.

In our opinion any such legislation, to be helpful and successful, must contain the following provisions:

1. Any bill developed for these purposes should contain no automatic expiration date. If such legislation is needed at all its need should not be terminable any more than the Taft Hartley or the Landrum-Griffin Acts are terminable. Amendable or repealable, yes, terminable, no.
2. Such legislation should be for the single purpose of improving the collective bargaining relationships between construction unions and construction contractors who employ workers represented by those unions. Lawyers and the courts will certainly interpret the legal intent of this legislation for years, and to preclude any future possibility that the influence of the Construction Industry Collective Bargaining Committee may become lost along the way, or that the courts may have to decide the Congressional intent of the legislation, we suggest that a sub-section be added to Section 2. The new sub-section would read as follows:

Nothing contained in this Act shall apply to construction contractors when operating without collective bargaining agreements.



One of our concerns in this area is that those contractors who have elected to operate two companies, one without collective bargaining agreements as well as one with collective bargaining agreements, could suffer by an international requiring, prior to approving an agreement, that a clause be written into his collective bargaining agreement that he could not operate his other company on a non-union basis.

3. Collective bargaining agreements, the negotiation of which would be subject to such legislation, should have a common expiration date, determined by the Construction Industry Collective Bargaining Committee. With all agreements expiring on the same date, there would then be no economic increases which union negotiators could establish as a floor for their economic demands without regard to the state of the economy.
4. All wages, fringe benefits and other monetary provisions of collective bargaining agreements should become effective on or after the date agreement is reached, and there should be no retroactive payments. If retroactivity were prohibited by law it would serve as a deterrent to those unions which refuse to bargain seriously until a pattern of settlements is developed in other negotiations in the area. This sort of delaying tactic often results in strikes, because such



unions attempt to secure higher settlements than contractors have reached with other unions thereby endeavoring to disturb historic relationships among the unions.

5. When a collective bargaining settlement requires ratification by the membership of the labor organization, voting should be limited to those members actively employed by the employers involved. Some local unions represent workers employed under several different collective bargaining agreements. To permit union members who will not be working under the provisions of the agreement presented for modification to vote results in the rejection of too many agreements worked out in good faith by negotiating committees. Those who vote on a proposed agreement which will not affect them are likely to vote to reject, since they have nothing to lose. In fact, they may gain by pushing up the ultimate settlement since by so doing it is likely they will receive a higher increase than they otherwise would in the next negotiation of the agreement under which they will work.

6. Multi-employer bargaining units should have the same status under law as unions enjoy which is that the multi-employer bargaining units be recognized as exclusive bargaining agents for all employers who will employ, on like work, men represented by the



union. Presently an employer not a member of the multi-employer bargaining group may enter into an interim short form agreement which typically provides that the employer will pay, on a retroactive basis, any economic increase negotiated by the recognized multi-employer bargaining group. Under such agreement the employer continues to employ workmen represented by the union while the union is on strike against members of the multi-employer bargaining group. Other contractors working under national and project agreements may elect to follow the same course of action. Interim agreements, national agreements and project agreements prejudice the ability of the multi-employer bargaining group to reach a reasonable settlement with the union. Such agreements should be barred.

7. The Construction Industry Collective Bargaining Committee should automatically take jurisdiction over every negotiation for which they have received notice. The interrelation among negotiations in our industry requires that the provisions of the Act come into play in each negotiation so that unstabilizing situations may be handled as they develop.

8. The Construction Industry Collective Bargaining Committee, in place of the international union involved, should approve or reject all collective bargaining agreements



subject to its jurisdiction. The rejection of any agreements should be only because a provision or provisions would increase costs to a degree which would prove unstabilizing. This provision would provide an opportunity for experienced leaders representing labor, management and the public to review agreements reached. A broad based review would, we believe, prove most beneficial to the industry and to our customers.

9. The Act should set forth in clear language the responsibilities of the labor and management national organizations when they are called upon by the Committee to provide effective mediation and conciliation services. As Secretary of Labor Dunlop pointed out in his testimony, there have been several plans put forth over the years which depended upon voluntary action on the part of international labor organizations and national employer associations to provide services to assist in making collective bargaining more effective. These plans failed, and any plan which does not require, by its terms, responsible action also will fail.



During the development of the legislation which you are considering, representatives of the AGC held several informal discussions with the Secretary of Labor on the subject. These were general discussions



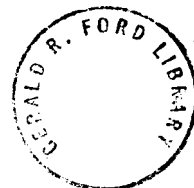
dealing with the philosophy and principles of the proposal, and nothing at that time was in writing, but until these were developed into actual legislative language there was no way in which our governing body could give them proper consideration. In meetings of the Collective Bargaining Committee in Construction, where this subject was discussed on several occasions, AGC representatives stated that while they supported the need for corrective legislation no commitment could be made on behalf of the association until we saw the language of the bill.

On August 28 we advised the Secretary that unless we received the actual language of the bill with a reasonable length of time in which to give it the consideration it certainly would deserve, we could not actively support the legislation. On September 3 we were furnished a summary of the bill. We immediately held a meeting of our national officers, together with our labor counsel, and following that meeting AGC President John N. Matich said "based on the summary, the legislation appears to be a step forward, but until we have the opportunity to examine the actual bill in detail we are not in a position to commit ourselves to support it." We received copies of the bill on the afternoon of Friday, September 5. We mailed copies to our Executive Committee that day and scheduled a meeting of the committee for yesterday afternoon. Three working days is not sufficient time for us to consult with our members and counsel, analyze the bill in detail, hold a meeting of our Executive Committee, establish a position and prepare testimony on an issue of this importance to our industry. It was apparent to our Executive Committee, however, even after only a cursory examination, that the bill does not contain the provisions which we have mentioned.



As a responsible association we always are ready, willing and, indeed, eager to meet with the Secretary of Labor, the leaders of organized labor and any other persons of responsibility to cooperatively develop truly meaningful legislation to improve the collective bargaining process in construction. The short length of time which we have had this legislation has not permitted this. This is an issue which certainly deserves due deliberation, thorough study and thoughtful consideration by all affected parties. The bill you are considering has not had those benefits, which leads us to question the necessity for the extremely rapid movement of the bill. What is there about this bill that is so urgent? This Committee has long had the reputation for giving to each proposal which comes before it the due deliberation, thorough study and thoughtful consideration which I mentioned earlier. I urge you to do so now and to consider the suggestions we have made as Committee amendments to the bill.

Mr. Chairman, for the reasons we have outlined here, principally the short period of time we have had to give consideration to this proposal and our very deep concern over the rapidity of the legislative process in this case, we cannot support the legislation in its present form.





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1957 E STREET, N. W. • WASHINGTON, D. C. 20006 • 202/393-2040

STATEMENT OF THE  
ASSOCIATED GENERAL CONTRACTORS OF AMERICA  
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**SKILL—RESPONSIBILITY—INTEGRITY**

is absolutely necessary for the continuation and, I fear, the survival of the construction industry as we know it.

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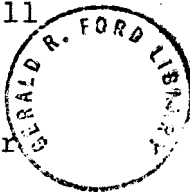


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As a responsible association we always are ready, willing and, indeed, eager to meet with the Secretary of Labor, the leaders of organized labor and any other persons of responsibility to cooperatively develop truly meaningful legislation to improve the collective bargaining process in construction. The short length of time which we have had this legislation has not permitted this. This is an issue which certainly deserves due deliberation, thorough study and thoughtful consideration by all affected parties. The bill you are considering has not had those benefits, which leads us to question the necessity for the extremely rapid movement of the bill. What is there about this bill that is so urgent? This Committee has long had the reputation for giving to each proposal which comes before it the due deliberation, thorough study and thoughtful consideration which I mentioned earlier. I urge you to do so now and to consider the suggestions we have made as Committee amendments to the bill.

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DEC 3 1975

MEMORANDUM TO THE HONORABLE JAMES H. CAVANAUGH  
DEPUTY DIRECTOR, THE DOMESTIC COUNCIL

SUBJECT: Economic Impact of Nationwide Rail Strike

In response to your request this afternoon, the following impact analysis of a possible nationwide rail strike is provided.

The immediate effect of a nationwide strike will impact primarily on passenger service. Approximately 400,000 rail commuters will be stranded and about 200 Amtrak long distance passenger service trains will cease operating.

The impact on the gross national product (GNP) and on unemployment of a nationwide rail strike are estimated to be as follows:

Weeks:	1	2	3	4	5	6	7	8	Total
GNP Loss (Millions of \$, 1975)	0	1719	2588	3354	4056	4709	5389	6037	27,852
Additional Unemployment (000's of man weeks)	0	2489	1311	1147	1042	935	880	801	8,605

GNP losses would become increasingly more substantial, amounting to about 11.2% of the two months total estimated GNP.

Employment impact is estimated to reach a peak in the second week and then grow at a slower rate for the remainder of the period. An eight week strike would add another 9.3% to the present level of unemployment.



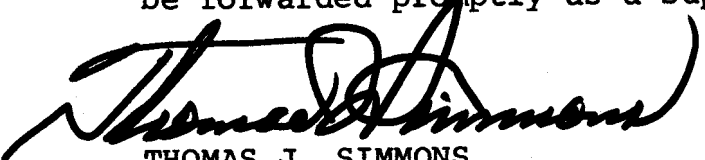
In calendar year 1974, the railroad industry moved 38.4% of the intercity freight traffic--some 860 billion ton-miles. Principal commodities carried are:

Commodity

Meat and dairy products	46%
Canned and frozen foods	74%
House appliances	71%
Automobiles	76%
Pulp and paper	86%
Lumber and wood	78%
Furniture	40%
Chemicals	63%
Primary metal products	68%
Coal	70%

The Department of Transportation, the Interstate Commerce Commission, and the Federal Preparedness Agency are coordinating their activities in preparing for a railroad work stoppage, including a draft Executive order.

Any significant information which may be developed will be forwarded promptly as a supplement to the above.



THOMAS J. SIMMONS  
Executive Assistant to  
the Director



ADDITIONAL COMMENTS ON OSHA

During 1975 OSHA has been substantially transformed and the foundation has been laid for a positive approach to the Federal regulation of safety and health which will better protect the American worker while obtaining greater cooperation and acceptance from those affected by the regulations.

A new top management team has been installed:

-- Morton Corn, Assistant Secretary - Ph.D. in industrial hygiene, extensively experienced as an OSHA consultant, widely respected by management, labor and research communities.

-- Bert Concklin, Deputy Assistant Secretary, (Chief of Operations) - Experienced administrator with excellent relations inside and outside government.

-- Marshall Miller, Deputy Assistant Secretary, (Chief of Standards) - Lawyer with extensive Federal service and private practice, accomplished technician.

We have shifted attitudinally police-like enforcement to education, consultation and voluntary compliance.

We are now selecting work places for inspections for specific reasons rather than on a random basis.

We are concentrating on serious hazards and known dangers instead of seeing how many numbers of violations can be found in the work place.

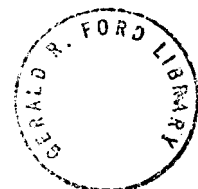
We are now working with business associations, companies -- large and small -- other governmental agencies and organized labor in advance consultation and problem solving.

Additional resources are needed in 1976 and 1977 to further the following objectives:

(1) Consulting with employers - Now done in 34 OSHA states and jurisdictions under state agreements; needed in the remaining 22 states and jurisdictions.

(2) Professional training of compliance staff - Additional professional resources are needed to add health training to safety training capacity; also to retrain existing personnel to health, and in new priorities.

(3) National emphasis program - To direct OSHA's major concentration toward high hazard situations. This requires the development of expertise with respect to specific industries and significant additional consultation and educational services to employers and employees.



(4) Labor/management cooperation - Joint approaches and support are needed if specific industry problems are to be solved and if mutually acceptable health and safety standards are to be achieved.

(5) Relationships with small business - This group has been the most critical of OSHA and yet many of the most hazardous work places are small businesses. OSHA has initiated a major police study on this subject and is working with Chamber of Commerce, NAM, and associations of small businesses, as well as with organized labor.

(6) Occupational health programs - Currently less than 10 percent of OSHA's compliance activity is in this area -- health hazard difficult to identify, and standards hard to write -- but we must now concentrate on occupational health. A recent NIOSH study says one of every four workers contracts an occupational disease. NIOSH has identified 20,000 toxic chemicals present in work places. Recent findings of long-range effects of such substances as vinyl chloride and asbestos make it necessary for us to develop professional capacity rapidly.

(7) Inflationary impact assessment - As OSHA discharges its statutory duties to protect worker safety and health, careful consideration must be given to the technological ability of employers to meet standards and of their economic impact. Additional resources are needed for these important studies.

The Labor Department agrees with the need for regulatory reform and its OSHA programing reflects this. It should be born in mind that OSHA is a new program mandated by Congress in 1971 and just moving from its infancy to adolescence. Cuts have been agreed to in the Labor Department's mature regulatory functions. Failure to provide adequate budgetary support for the OSHA program could be a setback to the positive approach now being undertaken and could lead to a greater criticism of OSHA from all quarters -- business, labor unions and Congress alike.

John T. Dunlop



THE WHITE HOUSE  
WASHINGTON

December 17, 1975

MEETING WITH ECONOMIC POLICY BOARD  
EXECUTIVE COMMITTEE  
December 18, 1975  
6:15 p.m.  
Cabinet Room

From: L. William Seidman *fwS*

I. PURPOSE

To discuss the common situs picketing and collective bargaining titles of H.R. 5900.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

- A. Background: On December 15, 1975 the Senate passed H.R. 5900 by a vote of 52 to 43. The House had approved the Conference Committee Report on December 11 by a vote of 229 to 189.

An analysis of the significant features of Title I (Common Situs Picketing) and Title II (Construction Industry Collective Bargaining) is attached at Tab A.

A comparison of the bill with Administration proposals and testimony is attached at Tab B.

A statement released to the press this morning by Secretary Dunlop setting forth his views on the merits of H.R. 5900 is attached at Tab C.

A statement made by Robert A. Georgine on Tuesday before the Situs Picketing Press Conference is attached at Tab D.

- B. Participants: L. William Seidman, James T. Lynn, Alan Greenspan, John T. Dunlop, Stephen Gardner, John O. Marsh, Richard B. Cheney, Robert T. Hartmann, James Cannon, Max Friedersdorf, James Baker.



C. Press Plan: David H. Kennerley.

III. AGENDA

A. H.R. 5900

Secretary Dunlop will outline the significant features and his views on H.R. 5900.





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[1976]



## U.S. TO INVESTIGATE PATRONAGE IN CITY

Labor Department Promises  
Full-Scale Study of Use  
of Federal Job Funds

By STEVEN R. WEISMAN

The United States Department of Labor yesterday ordered an investigation into the Beame administration's use of Federal public-service job money to hire Democratic district leaders and others with political connections to work in city neighborhoods.

City officials said they wel-

THE WHITE HOUSE  
WASHINGTON

Date 2/10

TO: *Jim Cannon*  
FROM: DAVID LISSY

The attached is an OMB  
paper. On p. 2 it shows  
the impact of the 1962  
Public Works Program.

I have sent a copy to  
Art Fletcher and I'll  
work with him on any  
further material he may  
want.

*DL* 1 13



14-5-77 Labor

## Jobs Questions

- Unemployment is costly--for every 1% or 1,000,000 unemployed
  - ° \$3 billion in increased welfare unemployment expenditures
  - ° \$14 billion in lost taxes

Comment: It is true that roughly a \$14 billion change in receipts would be associated with a one percentage point change in the unemployment rate in fiscal 1977, but only if the bulk of the employment increase came in the private sector. This is because the increase in receipts is associated with and not caused by the change in the unemployment rate. When the private sector expands sufficiently to reduce unemployment by one percentage point all sorts of other income rises--profits, interest payments rents, etc.--all of which is taxed.

Therefore, it does not follow that if the Government reduces unemployment one percentage point with a public service jobs program, receipts would rise \$14 billion. This is obvious from the numbers. It takes roughly 950,000 jobs to reduce unemployment one percentage point. Suppose this amount of employment were directly and indirectly generated with a public service employment program. Further, assume that the average wage was \$10,000 per year. The total increase in wage income would be \$9.5 billion which would yield a small fraction of \$14 billion in tax receipts. Even granted that a public service jobs program creates extra non-wage income indirectly through the multiplier process, tax receipts could not come close to \$14 billion.

A more fundamental point must be stressed. Our strategy calls for a moderate healthy recovery. This recovery could be speeded up with various stimulative measures and tax receipts could be increased, but what good does that do if it simply plants the seeds for a recession late in the 1970's.



A policy of multibillion dollar grants to States and localities for paying employees and for constructing public works would be

- Ill-timed -- because it would result in a bulge in spending in late 1978 or early 1979, when, in fact, governmental spending for investment is very likely to present heavy competition with private investment needs. The following record of experience under the Accelerated Public Works Program of 1962 illustrates this point.

	First year	Second year	Third year	Fourth year
Obligations .....	412	450	1	--
Planned outlays .....	300	400	150*	25*
Actual outlays .....	62	332	321	88

\* Estimated

There is no reason to expect that the spendout pattern of additional funds for public works authorized or appropriated now would be appreciably different.

- Counter-productive -- because these expenditures would markedly increase the deficit, which in turn will have the effect of reducing Federal funds available to private borrowers to create jobs and will induce inflationary expectations, thereby slowing recovery in the private sector and forming the conditions for yet another recession.
- Inefficient -- because such programs as those providing public service employment often simply substitute Federal financing for State and local financing that would have been used to hire the same people; Labor Department estimates suggest that more than 1/2 of those hired under public service employment -- and perhaps as much as 90% -- would have been hired without any Federal program.



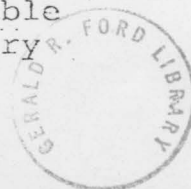
The charge that "there are no jobs in the President's Budget" is not true.

- Just looking at expenditures in the 1977 Budget for public works and other additions to physical assets, outlays are up by over \$6.5 billion -- 17% above 1976, as the following table indicates:

ADDITIONS TO PHYSICAL ASSETS, 1976-1977  
(fiscal years; dollar amounts in billions)

	<u>1976</u>	<u>1977</u>	<u>Change</u>	
			<u>Amount</u>	<u>Percent</u>
Public works .....	18.2	21.3	3.0	16.6
Major equipment .....	16.9	20.7	3.9	23.0
Inventories and other physical assets. <u>3.1</u>	<u>3.1</u>	<u>2.8</u>	<u>-0.3</u>	<u>-9.1</u>
Total additions to physical assets .....	38.2	44.8	6.6	17.3

- More important, the economic assumptions upon which the President's Budget is based, indicate that between now and the end of fiscal year 1977 the private sector will increase employment by about 3.5 million jobs--not the 300,000 jobs Muskie talked about with respect to proposed legislation--of which about 2.5 million jobs will accomodate an increase in the labor force and about 1 million jobs will reduce the number of those currently unemployed--and because these are private sector jobs, they are not temporary, not make work, not hand-outs, the Administration proposes to achieve this result by
- o moderating the growth in Federal expenditures so as to reduce the deficit, making more funds available for private borrowing and inhibiting inflationary expectations, and
  - o a further \$10 billion cut in taxes.





	Productivity, Wages and Prices 1976				1977				
	I	II	III	IV	I	II	III	IV	CY 7
Civilian Labor Force (millions)	93.6	94.0	94.4	94.9	95.3	95.7	96.1	96.5	94.
Employed	86.0	86.6	87.1	87.8	88.3	88.9	89.6	90.2	86.
Unemployed	7.6	7.4	7.3	7.1	7.0	6.8	6.5	6.3	7.
Unemployment Rate (%)	8.1	7.9	7.7	7.5	7.3	7.1	6.8	6.5	7.
1. Employees, Private Sector									
(percent change, SAAR)									
Compensation	12.7	12.9	13.6	13.8	14.0	12.9	12.5	12.2	12.
Man-hours	3.3	3.1	3.2	3.1	2.9	2.9	2.7	2.6	3.
Compensation/man-hour	9.0	9.4	10.0	10.3	10.8	9.7	9.5	9.4	8.
Output/man-hour	1.8	2.9	3.6	3.4	3.4	3.0	2.8	2.6	3.
Unit labor cost	7.0	6.3	6.2	6.6	7.1	6.5	6.5	6.6	5.
Civilian Employment (thousands)	86,000	86,600	87,138	87,860	88,328	88,939	89,590	90,186	82,9
Less: Adjustment <sup>1</sup>	18,073	18,143	18,210	18,290	18,363	18,439	18,525	18,599	18,1
Equal: All employees, private	67,927	68,457	68,928	69,470	69,965	70,500	71,065	71,589	68,0
Man-hours (millions)	127,304	128,279	129,293	130,283	131,217	132,158	133,041	133,897	126,7
Weekly hours	36.040	36.040	36.072	36.067	36.067	36.050	36.003	35.969	36.0

<sup>1</sup> Consists of government employment, self-employed and unpaid family workers.



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FEBRUARY 13, 1976

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## LABOR MEN WARM TO ROCKEFELLER

Meany and Others Receive  
'Nonpolitical' Visits

By LEE DEMBART

Special to The New York Times

BAL HARBOUR, Fla., Feb. 12  
—Insisting that this was not  
a political trip, Vice Presiden  
Rockefeller came to the labor  
meetings in Florida yesterday.  
had dinner with George Meany  
last night and breakfast with  
40 union leaders this morning,  
including the heads of 17 con-  
struction unions.

At a time when organized la-  
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February 13, 1976

Office of the White House Press Secretary

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THE WHITE HOUSE

TO THE HOUSE OF REPRESENTATIVES:

I am returning without my approval 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. Careful examination reveals the serious deficiencies in H.R. 5247.

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

Second, 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.

Third, 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.

Fourth, 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.

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

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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.

Sixth, 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.

I recognize 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.

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 H.R. 5247. 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 H.R. 5247.

We must not allow our debate over H.R. 5247 to obscure one fundamental point: 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.

more



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;

-- Tax incentives for investment in residential mortgages by financial institutions to stimulate capital for home building.

I have proposed a Budget which addresses the difficult task of restraining the pattern of excessive growth in Federal spending. 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 new jobs and less production per worker.

Last month, under our balanced policies, seasonally adjusted employment rose by 800,000. That total is almost three times as large as the number of jobs that would be produced by this legislation and the jobs those men and women found will be far more lasting and productive than would be created through another massive public works effort.

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

GERALD R. FORD

THE WHITE HOUSE,

February 13, 1976.

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February 13, 1976

Office of the White House Press Secretary

THE WHITE HOUSE

BACKGROUND INFORMATION

REASONS FOR THE PRESIDENT'S VETO  
TO H.R. 5247, THE  
"PUBLIC WORKS EMPLOYMENT ACT OF 1975"

Summary of Reasons for the Veto:

The President opposes this bill for the following principal reasons:

- It would not be effective in creating jobs for the unemployed.
- . Relatively few new jobs would be created. The estimates by the bill's sponsors that it will create 600,000 to 800,000 jobs are not supportable. A more realistic estimate is a total of 250,000 person-years of employment spread over a number of years, with a peak impact of only 100,000 to 120,000 jobs.
- . By comparison, the employment statistics for January 1976 showed a one month increase in employment of 800,000, and a reduction of over 450,000 in the number of unemployed in the labor force.
- . Most of the relatively small number of new jobs produced by these programs would come in late 1977 and 1978, not now. Because public works projects are notoriously slow in creating jobs, the peak impact would occur in late 1977 or in 1978, when the economy will be well along the road to full recovery and the added stimulus is likely to be counterproductive.
- . The cost to the taxpayers of producing jobs under this bill would be unreasonably high, probably in excess of \$25,000 per year of employment.
- . Many of the jobs funded under this bill would simply replace jobs funded from other sources, without a real increase in employment.
- . Excessive Federal spending as represented by this kind of bill can close the door on reducing income taxes of families and businesses, which is a far more effective way of stimulating the economy and investment and creating good jobs, both in construction and in the production of goods and services.
- . This bill will contribute significantly to excessive Federal deficits, which draw capital resources away from the private sector, due to increased Federal borrowing, and inhibit the growth of private employment which is needed to sustain economic prosperity.

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- The direct cash assistance to State and local governments under Title II of the bill would provide undesirable incentives and is inequitable.
  - . It addresses the cyclical problems of State and local governments just at the time when those problems are beginning to abate, and when, generally, the revenues of those governments will be rising faster than their expenditures.
  - . It gives preference to those with the highest taxes and the biggest budgets, without any distinction between those jurisdictions which have and those which haven't been efficient in holding down costs. This could weaken incentives to improve government productivity and end low-priority spending.
- The proposed public works programs would result in a poor allocation of capital resources.
  - . Unlike construction in the private sector, public works construction does not add to the tax base of the communities.
  - . Although it won't speed up the creation of jobs, the premium on speed in obligating the funds will encourage many to apply for money for projects which are of low community priority but which can be quickly packaged into a grant request.
  - . The 100% Federal funding of specific public works may encourage irresponsibility by State and local officials who would not have to account to their constituents for the construction of unnecessary or extravagant public facilities with Federal funds.
- The bill would authorize funding which would push Federal spending to even higher levels.
  - . 1977 spending could be increased by about \$2.5 billion. 1978 spending could grow by over \$1 billion, and spending in 1979 and beyond would be increased by another \$1.5 billion or more.
  - . Although over 90% of the outlays from the bill would occur after fiscal year 1976, Congress has proposed this without considering the total budget picture for 1977 and beyond. Congress has not identified acceptable program reductions that could offset the cost increases of this bill.
- Much of the bill is completely unrelated to current unemployment problems.
  - . The allocation formula for Title II does not limit the grants to areas of very high unemployment. The rate of local taxation is a large part of the allocation formula.

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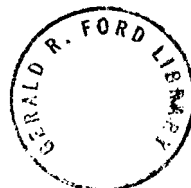
- . The \$1.4 billion increase for wastewater treatment facilities grants is not an anti-recession action. It would have no impact on jobs now. With the current legislation expiring, it is important that the Congress consider the Administration's proposals for program reforms before authorizing additional funds.
- . The \$100 million for an urban renewal program to be administered by the Commerce Department clearly would have no short-term impact.
- The bill would be almost impossible to administer effectively.
  - . Effective allocation of \$2.5 billion for Title I 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.
  - . The bill extends the Job Opportunities program, which is almost impossible to administer effectively due to the complex process for allocating funds through other Federal agencies on a project-by-project basis.
  - . The provision in Title III to permit interest subsidy grants to private businesses provides no criteria for allocating this subsidy. It would be very difficult, if not impossible, to provide this subsidy only to those firms which need it in order to maintain or increase their employment levels.
- The bill would resurrect an ineffective urban renewal program in the Commerce Department.
  - . It would create a new categorical grant program for urban renewal less than two years after the Congress replaced a nearly identical program, and others, with the broader, more flexible Community Development block grant program.
  - . All activities and cities eligible under the proposed program already are eligible under the block grant program; the bill merely duplicates existing authorities.
  - . The Commerce Department has no experience with urban renewal, and is not equipped to effectively administer such a program.
  - . The current program of the Commerce Department to assist economic development activities in areas of chronically high unemployment or low income would be disrupted and distorted.
- The President has proposed realistic alternatives to overcome the unemployment problems and avoid a new round of inflation. These proposals will avoid the problems mentioned above.

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- . The 1976 Budget includes more than \$18 billion in outlays for important public works such as roads, energy facilities, wastewater treatment plants, and veterans' hospitals. The 1977 Budget will increase spending for these public works by more than \$3 billion, or nearly 17%. The spending level already included in the Budget for 1977 will finance public works that are really needed and which can be funded efficiently in the next 15 to 18 months.
  - . Tax incentives are proposed for private construction initiated in the next year in areas of high unemployment which will result in much quicker and much more effective creation of jobs.
  - . Renewal of the General Revenue Sharing program will permit State and local governments to maintain employment in basic services.
  - . Additional permanent income tax reductions of over \$10 billion will permit a quick and major increase in take-home pay, in buying power and in private investment, all of which will create real, rewarding jobs in the private sector.
  - . The 1977 Budget provides \$3.2 billion for Community Development block grants to States and local governments -- about \$450 million more than in 1976. These grants are allocated on the basis of relative need, and permit the States and local governments to carefully plan for the use of these funds.
  - . Tax incentives are proposed for investment in residential mortgages by financial institutions, to stimulate capital for homes rather than for public monuments.
  - . Tax incentives are proposed to induce broader ownership of common stock to stimulate investment which will provide long-term productive jobs, rather than increasing public, make-work jobs.
  - . The President's economic policies are expected to foster the creation of 2 to 2.5 million additional jobs in 1977. This will include jobs for nearly one million of those now unemployed, as well as about 2.5 million jobs for workers who will be entering the labor force during this period.
- In his veto message, the President indicated that he believes an alternative proposal before the Congress, H.R. 11860, represents a more reasonable approach in addressing the immediate needs of those areas of the country with exceptionally high unemployment rates.
- . Under H.R. 11860, the funds would be provided to communities with unemployment in excess of 8% and would provide them in direct proportion to unemployment beyond 8%. The program would be in effect only as long as national unemployment exceeds 7%.

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- . Also under H.R. 11860, funds would be provided for distribution each calendar quarter in an amount determined by multiplying \$15 million times each 1/10 of 1% by which unemployment in the next preceeding quarter exceeds 7%.
- . The Community Development Block Grant Program is already in place with an experienced staff and regulations and could be administered without the creation of a new bureaucracy and without the delay which would be encountered under H.R. 5247.
- . The program would fund eligible activities based on priorities identified by local governments as part of their community development programs.

The following paragraphs discuss several of the above points in more detail.

Public Works Construction Is Not Effective in Creating Jobs Quickly

The bulk of the funds that would be authorized by this bill would be used for public works, including \$2.5 billion for Title I, \$1.4 billion for EPA wastewater treatment facilities and \$600 million for other Commerce Department public works programs.

For more than four years the Economic Development Administration has been trying to find the fastest ways to create jobs through public works projects. This effort, the Public Works Impact Program (PWIP), has shown the difficulty of quickly creating jobs for the unemployed by funding public works.

The facts are as follows. During the year in which the funds are appropriated for accelerated public works, only 10% of the funds are actually spent. During the full second year after appropriations, half of the funds are used. And after four years, 10% of the funds are still not spent for the approved projects.

It is very time consuming for the Federal government to allocate a large amount of money on a project-by-project basis. Even with the small PWIP program, it has required about 9 months to allocate the funds to individual projects. It has taken about 17 months from the time of appropriation to get all of the approved projects under construction. And two years after appropriation of funds, only about 60% of the projects were completed.

Although Title I of the bill requires that the Commerce Department must approve or reject applications for funding within 60 days of receipt of the applications, this will not assure speedy allocation of these funds. The bill provides that appropriations may be provided at any time through the end of fiscal year 1977, which may delay

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allocations. Applications for funding may straggle in over a period of many months. Many of the initial applications might have to be rejected and resubmitted due to inadequate information. Accordingly, even with the 60 day approval or rejection requirement, it could take 18 months or longer to allocate all of the funds.

Once the funds are allocated, it can be expected that startup and construction of the projects will be no faster, and more likely slower, than the experience with PWIP projects.

Thus, we can expect that it would be late 1977 or early 1978 before all of the projects to be authorized by this bill will be under construction. It will be 1980 or later before all of the projects are completed.

Appendix A is a table that provides the most optimistic estimate of the speed with which the funds would be spent. It is likely to be more realistic to move most of these spending estimates to about one year later than shown on the table.

Estimate that 600,000 to 800,000 Jobs Would be Created is Unfounded

Sponsors of the bill have asserted that it would provide work for 600,000 to 800,000 people, primarily as a result of public works projects. This estimate is entirely unrealistic. A much more likely estimate is 250,000 years of employment over the next five years with a peak of about 100,000 to 120,000 in 1977 or early 1978.

When the House acted on its original bill to provide \$5 billion for public works grants, it was estimated by the Congress that it would produce about 250,000 jobs. We now have a \$6.3 billion bill, which includes \$1.5 billion in programs with almost no new job impact, and yet the employment estimates have suddenly increased by 320%.

Although there are no firm figures on jobs generated by construction, studies of employment in construction conducted by the Bureau of Labor Statistics show that a \$1 billion (1974 dollars) public works program would provide only about 40,000 years of employment, off-site and on-site. Including multiplier efforts there would be 60,000 years of employment created by \$1 billion in public works spending. Based on the optimistic spending estimates shown in Appendix A, the peak spending for public works in 1977 would produce a maximum of about 90,000 years. Since construction wages and other costs will be higher in 1977 and beyond than they were in 1974, these estimates of jobs could be high.

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It is very difficult to estimate the number of jobs that would be created by the \$1.6 billion in countercyclical grants (Title II).

There is substantial indication that State and local governments would not use much of these funds to hire additional personnel. Studies of revenue sharing have shown that State and local governments increased their purchases of goods and services by roughly one-third of the amount they received. The remainder was used to repay debt and reduce taxes. In addition, recent experience with public service employment indicates that, after the first year of funding, State and local governments may increase employment by only 10 to 40 percent of the number of public service jobs directly funded by the Federal government. Despite numerous regulations to make it difficult to substitute public service employment for regular employment, the practice is widespread. Title II of this bill would contain no requirements that these funds be used for additional jobs or even to maintain existing jobs.

The maximum expected payment under Title II of the bill is \$375 million per quarter. If as much as 50% of this were used for added jobs, it might create as many as 75,000 jobs. Given the experience with similar programs, it is more likely that only 10 to 20% of the funds would be used for added jobs, providing only 15-30,000 new jobs.

In summary, the peak employment impact is unlikely to exceed about 150,000, and is more likely to be near 100,000 to 120,000 sometime in fiscal year 1977 or 1978. Total employment is likely to be about 250,000 years, spread over five years or more.

If the bill provided a total of 250,000 years of employment, the average cost per job would be about \$25,000.

The Title II Countercyclical Assistance Grants Would Encourage Government Inefficiency and Would be Inequitable

The recent financial difficulties which have been facing many cities and other local governments have forced many to undertake a long-needed examination of their spending programs to identify the excesses and the inefficiencies. There is no doubt but that some local governments had reached a spending level that they simply will be unable to sustain in the long-term.

Title II allocates funds in large part on the basis of what the governments spend rather than what they need. More funds would be provided to those States and local governments with higher taxes, including those which have been least efficient in holding down costs. The proposed countercyclical assistance grants would take pressures off those States and local governments to more carefully evaluate their activities in terms of benefits produced. If the program becomes permanent, it will allow those governments to avoid economy measures, and then to further expand their programs as their tax revenue increases with the resurgence of the economy. They would be led to expect still more Federal assistance the next time they are in financial difficulty.

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The estimates of allocations to specific states and cities clearly show some of the distortions created by the formula. Eight States would receive about 65% of the Title II funds, including both the local and State allocations. This is over \$1 billion of the \$1.6 billion estimated for the Title. Also the program would disproportionately aid New York City, which would receive about \$150 million of the total of \$1.6 billion. This is more than three times as much as any other city would receive. New York City already is receiving special Federal assistance to alleviate its financial problems.

In addition to the above problems with the program, it would be very costly to administer. The Treasury Department's preliminary estimates show that it would require approximately 750 additional employees and approximately \$43 million to administer the countercyclical aid program, as contrasted to 110 employees and \$11 million currently devoted to administration of the entire General Revenue Sharing program.

\$1.4 Billion for EPA Sewage Treatment Grants is Unneeded and Irrelevant to Current Unemployment Problems

The purpose of this provision of the bill is completely unrelated to the purported desire to create jobs quickly for the unemployed.

Even if EPA were to use these added funds now, they would have almost no job creating impact in the next two years. It is simply not practical to significantly accelerate the construction of such facilities.

The real purpose of this provision is to change the formula for the allocation of funds under the wastewater treatment grant program of EPA. This would provide an additional \$1.4 billion to a large number of states without having considered essential reforms to the current law which could require an expenditure of at least \$333 billion to fully implement.

It Would Be Administratively Impossible to Effectively Allocate Over \$3 Billion for Public Works Projects Quickly

This bill requires that the Commerce Department attempt to allocate over \$3 billion, on a project-by-project basis, in a matter of a few months. All past experience would force a conclusion that this would be reckless and irresponsible.

Even without any substantive review of requests for funding, it is highly unlikely that the Department could physically process the tens of thousands of requests and the thousands of awards that would be involved, in less than nine months.

The Department's recent experience with the Job Opportunities program illustrates the point. After its initial experience in allocating \$125 million, it still required six months for Commerce and the cooperating agencies to allocate the additional \$375 million. Also, that allocation was done with only a minimum amount of substantive review of the proposals by the agencies.

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The Department received a good deal of criticism from Congress for relying too heavily on objective criteria to make the \$375 million allocation, rather than reviewing each particular project.

With over \$3 billion to award, the Department is likely to be faced with the choice of taking many months to do a responsible job, or taking nine months or more to throw Federal tax dollars at projects as they come through the door.

Large Amounts for Spending on High Priority Public Works are Already In the 1976 and 1977 Budgets

The attached table shows the amounts of expected spending for public works in the President's Budgets for 1976 and 1977. In 1976, a total of over \$18 billion is provided. This includes over \$11 billion in grants to state and local governments. In 1977, the spending for public works would increase by 17% or by over \$3 billion.

The spending for public works in the Budget is focused on the highest priority national needs, including energy, pollution abatement, flood control, and transportation. The Budget estimates reflect expected spending on projects which are already in the planning stages or under construction. Therefore, the \$3 billion increase will be providing jobs in 1977, rather than in 1978 or 1979. These projects will be helping us achieve important national objectives while at the same time providing employment opportunities.

There are adequate spending levels already in the 1977 Budget for those public works projects that are really needed.

Additional stimulus to private sector employment also would be provided by a 23% increase in spending in the 1977 Budget for major equipment purchases. Spending for this purpose is to increase by \$3.9 billion over 1976, to \$20.7 billion.

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Changes in Public Works Outlays, Fiscal Year 1976-77  
(in millions of dollars)

<u>Description</u>	<u>1976</u>	<u>1977</u>	<u>Change</u>
<u>Direct construction</u>			
Civilian programs:			
FAP: Strategic petroleum storage.....	11	164	153
Agr: Forest Service roads and trails and other.....	135	173	38
Corps of Engineers: construction and flood control.....	1,367	1,424	57
Int: Bureau of Reclamation.....	410	507	97
Bonneville.....	135	150	15
NPS, BIA, and other.....	273	252	-21
HEW: Indian health facilities, NIH, other.....	162	138	-24
DOT: Coast Guard facilities.....	78	63	-15
FAA airway systems.....	231	236	5
ERDA: Plant, capital equipment, other..	439	672	233
NASA: Plant and equipment.....	115	126	11
VA: Hospitals and other.....	186	303	117
TVA: Power facilities.....	1,038	1,137	99
All other.....	174	165	-9
Subtotal, civilian programs.....	<u>4,754</u>	<u>5,510</u>	<u>756</u>
Defense programs:			
DOD: Military construction.....	1,713	1,710	-3
Family housing.....	320	287	-33
ERDA: Plant and equipment.....	204	215	11
Subtotal, defense programs.....	<u>2,237</u>	<u>2,212</u>	<u>-25</u>
Total, direct construction.....	<u>6,991</u>	<u>7,722</u>	<u>731</u>
<u>Grants to State and local governments</u>			
FAP: Appalachian regional development..	248	242	-6
Agr: Water and waste disposal, rural development, conservation.....	198	190	-8
Com: EDA and other.....	183	154	-29
HEW: Health.....	213	184	-29
Education and other.....	51	36	-15
Int: Land and water conservation and other.....	274	275	1
DOT: Airports.....	375	355	-20
Highways.....	6,202	6,711	509
Mass transit.....	573	1,179	606
EPA.....	2,350	3,770	1,420
All other.....	<u>563</u>	<u>442</u>	<u>-121</u>
Total, grants to State and local governments.....	<u>11,230</u>	<u>13,538</u>	<u>2,308</u>
Total public works.....	<u>18,221</u>	<u>21,260</u>	<u>3,039</u>

more



# APPENDIX A

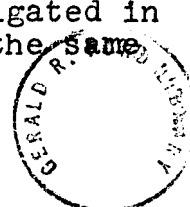
## Estimates of Outlays Local Public Works Capital Development and Investment Act (H.R. 5247)

(Dollars in Millions)

<u>Program</u>	<u>Total Amount Authorized</u>	<u>Outlays<sup>1/</sup></u>				
		<u>1976 &amp; TO</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>After 1979</u>
Title I, Public works grants <sup>2/</sup>	2,500	248	1,230	638	137	247
Title II, Countercyclical grants	1,625 <sup>3/</sup>	750	875			
Title III						
. Interest subsidies <sup>4/</sup>	125	5	25	25	25	45
. Job opportunities grants <sup>2/</sup>	500	50	246	128	27	49
. Urban Development <sup>6/</sup>	100	1	19	29	22	29
. EPA wastewater treat- ment facility grants <sup>7/</sup>	1,418	0	30	300	700	388
Total	6,268	1,054	2,425	1,120	911	758

- <sup>1/</sup> The outlay estimates assume that initial appropriations would be provided by about March 1, 1976.
- <sup>2/</sup> This assumes that all funds would be obligated between May 1 and September 30, 1976. Since appropriations are authorized through fiscal year 1977, it may not be realistic to assume that all of the funds would even be available by September 30, 1976. In any case, it would be very difficult, if not impossible, to allocate this sum in such a short time, on a project-by-project basis. The estimate of outlays is based on four years of actual experience with EDA's Public Works Impact Program, which provides for accelerated public works to create temporary jobs. Considering the large size of this proposed program, and the likely resulting delays in starting projects, it would be more likely that the outlay peak would occur in 1978 rather than 1977.
- <sup>3/</sup> This amount would depend on national unemployment rates. This estimate is based on the rates used in the 1977 Budget projections.
- <sup>4/</sup> The outlays for this interest subsidy program would likely be spread out over the terms of the loans being guaranteed. It is assumed that loans would have terms of about 5 years.
- <sup>5/</sup> In view of the changes in the Job Opportunities program in this bill, it is expected that most of these funds would be used for public works. The outlay estimate assumes the same spending rate as for Title I projects.
- <sup>6/</sup> This program would have the same timing characteristics as EDA's regular development programs. The outlay estimates are based on actual experience with EDA's regular public works programs.
- <sup>7/</sup> This estimate assumes that these funds would be obligated in 1977 and that outlays would occur approximately at the same rate as for the current EPA grants.

# # #



THE WHITE HOUSE  
WASHINGTON

INFORMATION

February 13, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: JIM CANNON *Jm*  
SUBJECT: Vice President's Meeting with AFL-CIO  
Leaders

At the senior staff meeting this morning, Peter Wallison mentioned labor's support of the Energy Independence Authority legislation.

Here is a summary of the meeting and the participants.

cc: Frank Zarb  
Max Friedersdorf






OFFICE OF THE VICE PRESIDENT  
WASHINGTON

February 13, 1976

MEMORANDUM FOR JIM CANNON

FROM: JACK VENEMAN   
SUBJECT: Vice President Meeting with  
Labor Leaders  
Miami, Florida, February 11-12

At the request of George Meany and Bob Georgine, the Vice President met with representatives of labor to discuss the Energy Independence Authority legislation. On February 11, he had a private dinner with Mr. Meany. It was reported that Meany was supportive of the legislation and offered any necessary assistance.

Approximately 50 representatives met for breakfast on February 12. The Vice President outlined the purposes and need for the EIA legislation and there was virtually unanimous support. Joe Keenan, Secretary of the Electrical Workers, discussed the establishment of organizations called the "Americans for Energy Independence" throughout the country. These organizations consist of business, labor, and community leaders and their purpose is to bring public attention to the urgency of the energy shortage and the need to develop domestic sources.

Labor is concerned about our dependence upon foreign sources and the possibility of another boycott. They are also concerned that unless we increase our domestic sources industry will manufacture elsewhere with a resultant loss of jobs.

Labor is prepared to testify in favor of the EIA legislation when hearings begin in the House and Senate.

Attached is a list of those persons in attendance.

cc: The Vice President





BACKGROUND

BREAKFAST MEETING WITH LABOR LEADERS

MIAMI, FLORIDA

THURSDAY, FEBRUARY 12, 1976

---

TIME: 7:50 AM

PLACE: Pan American Room  
Americana Hotel

OCCASION: Meeting with key Labor leaders on EIA

DRESS: Business Suit

ATTENDANCE: 48

ATTENDEES INCLUDE:

BUILDING AND CONSTRUCTION TRADES DEPARTMENT, AFL-CIO

Mr. Robert A. Georgine, President  
Building and Construction Trades Department

Mr. Andrew Maloney  
Secretary-Treasurer, Building and Construction Trades

Mr. Thomas Murphy  
President, Bricklayers, Masons and Plasterers' Int'l

Mr. William Sidell, President  
United Brotherhood of Carpenters and Joiners of America

Mr. Charles Pillard, President  
International Brotherhood of Electrical Workers

Mr. John Lyons, President  
International Association of Bridge and Structural  
Iron Workers

Mr. Angelo Fosco, President  
Laborers' International Union of North America

Mr. Kenneth Edwards, President  
International Union of Wood, Wire and Metal Lathers

Mr. J. Turner, President  
International Union of Operating Engineers



Mr. S. Frank Raftery, President  
International Brotherhood of Painters and Allied Trades

Mr. Joe Power, President  
International Association of Plasterers and Cement Workers

Mr. Martin Ward, President  
United Association of Plumbers

Mr. E. Carlough, President  
Sheet Metal Workers International Union

Mr. Andrew Hass, President  
International Association of Heat and Frost Insulators  
and Asbestos Workers

Mr. Harold Buoy, President  
International Brotherhood of Boilermakers,  
Iron Shipbuilders, Blacksmiths, Forgers and Helpers

Mr. R. Wayne Williams, President  
International Union of Elevator Constructors

Mr. Pascal DiJames, President  
International Association of Marble, Slate and  
Stone Polishers

Mr. Louis Sherman, General Counsel  
Building and Construction Trades Department

Mr. Alvin Silverman, Director, Public Relations  
Building and Construction Trades Department

Mr. Vic Kamber, Assistant to the President  
Building and Construction Trades Department

MARITIME LEADERS

Mr. Thomas W. Gleason, President  
International Longshoremen's Association

Mr. Paul Hall, President  
Seafarers' International Union

Mr. Jesse Calhoun, President  
Marine Engineers Beneficial Association

Mr. Shannon Wall, President  
National Maritime Union



AFL - CIO

Mr. George Meany, President,  
AFL-CIO

Mr. Lane Kirkland, Secretary Treasurer  
AFL-CIO

Mr. Thomas Donahue, Assistant to the President  
AFL-CIO

Mr. Andy Biemiller, Legislative Director  
AFL-CIO

INTERNATIONAL PRESIDENTS

Mr. C. L. Dennis, President, Brotherhood of  
Railway, Airline and Steamship Clerks, Freight Handlers, Express  
and Station Employees

Mr. Floyd Smith, President  
International Association of Machinists, and Aerospace Workers

Mr. Edward Hanley, President  
International Union of Hotel and Restaurant Employees and  
Bartenders

Mr. James Housewright, President  
International Union of Retail Clerks

Mr. Joseph Keenan, Secretary  
International Brotherhood of Electrical Workers

Mr. I.W. Abel, President  
United Steelworkers of America

Mr. W. H. McClellan, President  
International Association of Firefighters

Mr. George Hardy, President  
Service Employees International Union

Mr. Matthew Guinan, President  
Transport Workers Union of America



NEW YORK

Mr. Tom Maguire, former Vice President  
International Union of Operating Engineers

Mr. Daniel Galgiardi, Vice President  
International Union of Operating Engineers

Mr. Patrick Campbell, Vice President  
United Brotherhood of Carpenters and Joiners of America

Mr. Ray Corbett, President  
New York State AFL-CIO

Mr. Arcy Degni, President  
New York State Building and Construction Trades Council

Mr. Harry VanArsdale, Treasurer  
International Brotherhood of Electrical Workers

Mr. Frank Palumbo, Secretary-Treasurer  
International Association of Firefighters

Mr. Thomas Tobin, former President  
New York Building and Construction Trades Council

Mr. Edward Cleary, Secretary-Treasurer  
New York Building and Construction Trades Council

Mr. Steve Leslie  
International Union of Operating Engineers

STAFF

Bob Armao

Peter Wallison

Jack Veneman

Hugh Morrow

Mr. Bernie DeLury, Assistant Secretary of Labor, Employment  
Standards Administration



THE WHITE HOUSE  
WASHINGTON

February 19, 1976

MEMORANDUM FOR:

MAX FRIEDERSDORF

FROM:

VERN LOEN *VL*

SUBJECT:

Next move on Jobs Bill - H.R. 11860

Rep. Garry Brown will make public this afternoon a letter he is sending to Chairman Reuss and Housing Subcommittee Chairman Barrett asking for early full committee hearings on his Community Development Block Grants alternative, H.R. 11860.

He feels this is necessary in order to maintain both his integrity and that of the President. However, it is doubtful that the bill will go anywhere. The Democrats probably will want the issue instead of a solution.

I also have checked with Cliff Enfield as to whether there might be a Public Works Committee attempt to revive only Titles one (1) and three (3) of the vetoed bill, H.R. 5247. Cliff doubts this will happen for the same reason - they want the issue.

The next Public Works Committee action is likely to involve the bill extending the life of the Economic Development Administration (EDA) in Commerce for three (3) years. It is possible that they might attach the portion of Title three (3) in the vetoed bill relating to EDA.

This was pushed strongly by Economic Development Subcommittee Chairman Robert Roe during hearings on H.R. 5247.

cc: Jim Cannon ✓  
Paul O'Neill  
Charles Leppert  
Tom Loeffler  
Bill Kendall  
Joe Jenckes



*Age Discrimination  
(Labor)*

**Congress of the United States**  
**House of Representatives**  
**Washington, D. C.**

February 24, 1976

Mr. Howard H. Calloway, Chairman  
The President Ford Committee  
1828 L Street, N.W.  
Washington, D.C. 20036

Dear Bo:

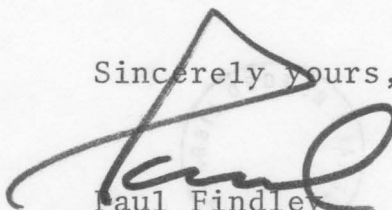
Some time ago, I urged President Ford to express support for the elimination of the upper-age limit in the Age Discrimination in Employment Act of 1967. The effect of this simple change in the law would be to eliminate mandatory retirement programs in government and the private sector. It would require that a person be hired and fired based upon his or her ability to do the job, not upon the number of birthdays passed.

Politically, I can think of nothing that would enhance the President's image more among older Americans, except raising Social Security benefits. As I am sure you know, senior citizens are exerting a growing influence at election time. In 1974, citizens over 65 cast 17% of the votes. Add to that the millions who are fast--and reluctantly--approaching retirement age. These voters turn out at the polls in greater proportions than any other age group.

In fact, according to a Harris survey, 86% of Americans favor the elimination of mandatory retirement programs.

I enclose a copy of my earlier letter for your information. Perhaps you can give this a nudge. It's a positive, easily understood proposal that will really grab voters.

Sincerely yours,



Paul Findley  
Representative in Congress



December 29, 1975

MEMO FOR: Jim Cannon  
FROM: Dick Parsons  
SUBJECT: Letter from Congressman  
Findley

Attached is a suggested reply to Congressman Findley's letter to you of December 11.

I seriously doubt that the President would want to endorse Findley's proposal and see little point in meeting to discuss it further (it's fairly straightforward). Therefore, the suggested reply is friendly and noncommittal.

I have discussed this with Sarah Massengale, who does "health" for oldsters, and she concurs.

DCCP 750 ]384



December 29, 1975

Dear Congressman Findley:

Thank you for your recent letter proposing that the President, in his State of the Union Message, recommend the abolition of the upper age limit contained in the Age Discrimination in Employment Act, and enclosing materials relating to your proposal.

I appreciate your interest and courtesy in sharing with me your views on this important legislation. You may be sure that your views will receive careful consideration as the President develops his State of the Union Message.

Thanks again for writing.

Sincerely,

James M. Cannon  
Assistant to the President  
for Domestic Affairs

The Honorable Paul Findley  
U. S. House of Representatives  
Washington, D. C. 20515

JMC:RDP:med





Congress of the United States  
House of Representatives  
Washington, D. C.  
December 11, 1975

Mr. James M. Cannon  
Assistant to the President  
for Domestic Affairs  
The White House  
Washington, D.C.

Dear Mr. Cannon:

In 1967, Congress passed the Age Discrimination in Employment Act, which made it illegal to discriminate because of age in hiring anyone between the ages of 45 and 65. I propose that the President, in his next State of the Union message, recommend the abolition of the upper age limit. This would put an end to mandatory retirement practices in the federal government and in the private sector.

As you will readily recognize, many Americans are fully capable of continuing to work long past the age of 65. I believe they should be permitted to do so, and apparently most Americans agree. A recent Harris survey indicates that 86% of Americans believe that no one should be forced to retire if he or she is willing and able to work.

If the President were to propose this in his State of the Union message, it would have a dramatic appeal to millions of older Americans. In fact, short of raising Social Security benefits, I can think of nothing he could do or say which would meet with such general enthusiastic acceptance. The beauty of it is that it will not cost one dollar to implement. In fact, to the extent that Americans



continue working past the age of 65, they will create less of a drain on the Social Security trust fund, continue to pay taxes, and continue to increase our nation's gross national product.

The President's proposal would also be warmly received on Capitol Hill. Chairman Augustus Hawkins of the Equal Opportunities Subcommittee has already sponsored legislation with me to eliminate the upper age limit and, at my request, has scheduled hearings for late in January. On the Senate side, Hiram Fong, the ranking Republican on the Special Committee on Aging, has long supported such a change in the law.

The arguments in favor of such a change are many. Attached are several items which outline some of the issues. So far, opposition has hardly been voiced.

I will be happy to talk to you further about this. I feel strongly it merits the President's attention.

You recognize, I am sure, the necessity for all of us in Republican-ranks to embrace sound ideas which have broad humanitarian appeal. This is such an idea.

Warm regards,

Paul Findley  
Representative in Congress



December 11, 1975

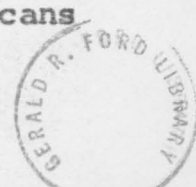
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December 11, 1975

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Warm regards,

Paul Findley  
Representative in Congress



# President Ford Committee

1828 L STREET, N.W., SUITE 250, WASHINGTON, D.C. 20036 (202) 457-6400

February 27, 1976

MEMORANDUM FOR: JIM CANNON

FROM: BO CALLAWAY



I met with Paul Findley a couple of days ago and he gave me the attached letter, including a copy of his letter of December 11 to you.

He has asked that I give his proposal a nudge. It certainly sounds good on the face of it, but I have not had a chance to analyze it at all.

Attachment

