

The original documents are located in Box 19, folder “Jobs Legislation” of the John Marsh Files at the Gerald R. Ford Presidential Library.

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THE WHITE HOUSE
WASHINGTON

Mr. Marsh --

Max says he is not aware of the
President seeing the attached.

donna



THE WHITE HOUSE
WASHINGTON

called
Neda
2-4
9:50
de

Ask
MAY E H
Saw this. If
not get to him.
on return. Before
dinner M



January 29, 1975

Dear Mr. Chairman:

Thank you for your letter of today's date to the President in which you and 24 of your colleagues express interest in several public works and economic development programs and urge that the President make funds available for them.

You may be assured that your letter will be called to the early attention of the President, and I will also share a copy with his budgetary advisors.

With kind regards,

Sincerely,

William T. Kendall
Deputy Assistant
to the President

The Honorable Jennings Randolph
United States Senate
Washington, D.C. 20510

bcc: w/incoming to Bob Bonitati - for further
appropriate handling

WTK:EF:mlg



same ack'd sent to all signers

JENNINGS RANDOLPH, W. VA., CHAIRMAN

EDMUND S. MUSKIE, MAINE
JOSEPH M. MONTOYA, N. MEX.
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M. BARRY MEYER, CHIEF COUNSEL AND CHIEF CLERK
BAILEY GUARD, MINORITY CLERK

United States Senate

COMMITTEE ON PUBLIC WORKS
WASHINGTON, D.C. 20510

23

January 29, 1975

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

MP
On January 21, Senator Joseph M. Montoya presented to the Senate of the United States a statement concerning the use of Public Works and Economic Development program funds to alleviate some of our serious unemployment and to stimulate the economy in areas where there is an on-going need for economic development.

The Congress passed the Emergency Job and Unemployment Assistance Act and the Emergency Unemployment Compensation Act, to assist you in attacking our unemployment problems. Included as part of the Emergency Job and Unemployment Assistance Act was the Job Opportunities Program for which Congress appropriated \$125 million.

On December 31, 1974, you signed this legislation into law, but in your statement at that time you indicated reluctance to make use of this immediately available program.

We feel the urgency of need is such that no part of the total Congressional package offered to you should be ignored. In addition, all of the programs of the federal government should be utilized to their maximum extent.

Last September you requested deferrals for \$9 billion in funds for Waste Treatment Plant Construction and \$10.8 billion in Federal-Aid Highway funds for FY 75-76. Such deferral would have the effect of delaying the completion of several vital projects, and would fail to give a desperately needed boost to the depressed construction industry and to localities where economic development is badly needed. These programs, using for the most part, skilled labor in established sectors of the con-



The President
January 29, 1975
Page Two

struction industry, will provide a needed compliment to the public service employment program.

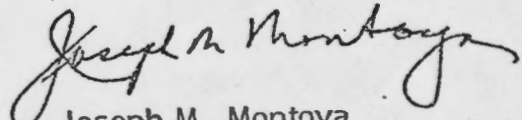
These funds could be released with minimum effort and would go a long way toward easing unemployment in the states where they were expended.

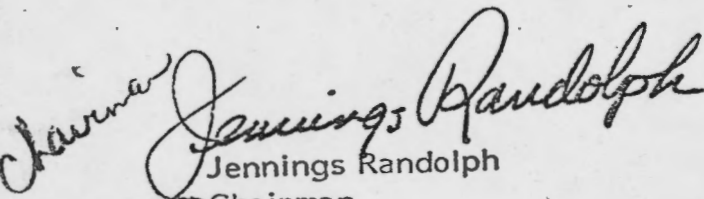
Mr. President, we are urging that you reconsider your request for deferrals in these areas and put these already available funds to work. Although Congress could by its action require release of all these funds, what we ask is that you take action to use these programs in a manner which will have an immediate stimulative economic effect.

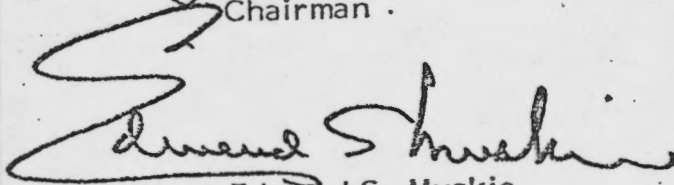
We urge that you use these tools now.

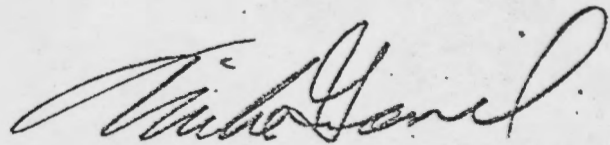
The American people would be encouraged to see their government fully use programs which are already available to attack our unemployment and economic ills. Let us not ignore any program which will begin to put us on a healthier economic footing.

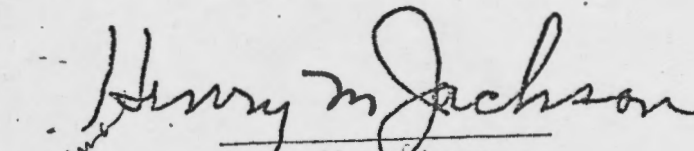
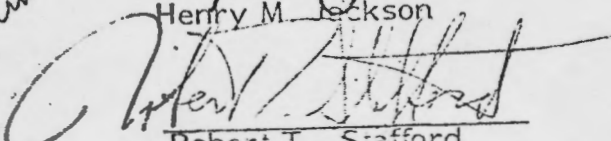
Sincerely,


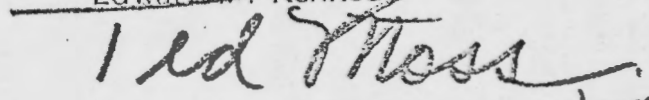

Joseph M. Montoya

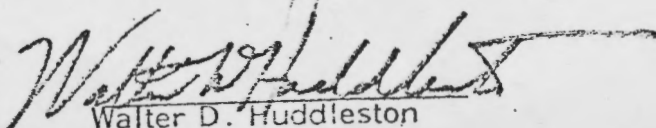
Chairman

Jennings Randolph
Chairman

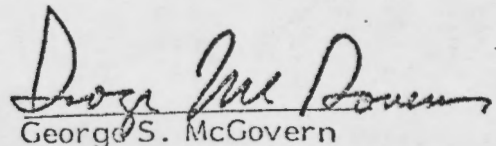

Edmund S. Muskie


Mike Gravel

Chairman

Henry M. Jackson

Robert T. Stafford


Edward M. Kennedy

Frank E. Moss *Chairman*


Walter D. Huddleston


George S. McGovern

The President
January 29, 1975
Page Three

James Abourezk
James S. Abourezk

John V. Tunney
John V. Tunney

Chairman Warren G. Magnuson
Warren G. Magnuson

Adlai E. Stevenson, III
Adlai E. Stevenson, III

Lee Metcalf
Lee Metcalf

Dick Clark
Dick Clark

Walter F. Mondale
Walter F. Mondale

Chairman Vance Hartke
Vance Hartke

Lloyd Bentsen
Lloyd Bentsen

Philip A. Hart
Philip A. Hart

Gale W. McGee
Gale W. McGee

Quentin N. Burdick
Quentin N. Burdick

Joseph R. Biden
Joseph R. Biden

Bennett Johnston, Jr.
Bennett Johnston, Jr.

Hubert H. Humphrey
Hubert H. Humphrey

FLASH
DE WTE #2997 1532343
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FM JACK MARSH

TO DON RUMSFELD

UNCLAS WH51021

MEMORANDUM TO: THE PRESIDENT
THROUGH: DON RUMSFELD
FROM: JACK MARSH

I FELT YOU WOULD WANT TO BE AWARE OF A RECENT DEVELOPMENT INVOLVING A VETO VOTE WEDNESDAY ON THE EMERGENCY JOBS BILL, WHICH IS MORE FULLY DISCUSSED IN THE ACCOMPANYING MEMO FROM MAX.

MEMORANDUM FOR THE PRESIDENT

FROM: MAX L. FRIEDERSDORF
SUBJECT: H.R. 4481, EMERGENCY EMPLOYMENT APPROPRIATION ACT

AN ATTEMPT TO OVERRIDE THE PRESIDENTIAL VETO OF H.R. 4481, THE EMERGENCY JOBS BILL, WILL BE THE FIRST ORDER OF BUSINESS ON WEDNESDAY, JUNE 4, IN THE HOUSE OF REPRESENTATIVES.

BOB MICHEL IS DOING A WHIP CHECK TODAY; WILL HAVE RESULTS ON TUESDAY MORNING.

THE HOUSE PASSED THE BILL ON MARCH 12, BY 313-113, AFTER A RECOMMITTAL TO CUT THE AMOUNT IN HALF FAILED, 109-315.

A TOTAL OF 55 REPUBLICANS SUPPORTED THE BILL, 88 REPUBLICANS OPPOSED, DURING ORIGINAL HOUSE CONSIDERATION.

THE SENATE PASSED THE BILL ON APRIL 25 BY A 53-14 MARGIN.

THE SENATE APPROVED THE CONFERENCE REPORT ON MAY 16 BY VOICE VOTE; THE HOUSE PASSED THE CONFERENCE REPORT ON MAY 14 BY



0000000000SSSSSSSS+0300 L A S S I F I E D*****S COPY

293-109.

ON THE CONFERENCE REPORT VOTE IN THE HOUSE, 43 REPUBLICANS
VOTED FOR THE BILL, 12 DEMOCRATS AGAINST. FOURTEEN ABSENTEES
ARE POSSIBLE VOTES TO SUSTAIN.

THIS WOULD GIVE US A TOTAL OF 123 VOTES TO SUSTAIN, ABOUT
17 SHORT.
0259

PSN:006208 RECALLED
PAGE 02 OF 02 TOR:153/23:43Z DTG:022330Z JUN 75

*****U N C L A S S I F I E D*****S COPY

THE WHITE HOUSE

WASHINGTON

June 2, 1975

*Dear
transmitted
approved.
JRM*

MEMORANDUM TO:

THE PRESIDENT

THROUGH:

DON RUMSFELD

FROM:

JACK MARSH *JM*

I felt you would want to be aware of a recent development involving a veto vote Wednesday on the Emergency Jobs Bill, which is more fully discussed in the accompanying memo from Max.

THE WHITE HOUSE

WASHINGTON

June 2, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: MAX L. FRIEDERSDORF *M. L. F.*

SUBJECT: H.R. 4481, Emergency Employment Appropriation Act

An attempt to override the Presidential veto of H.R. 4481, the Emergency Jobs Bill, will be the first order of business on Wednesday, June 4, in the House of Representatives.

Bob Michel is doing a whip check today; will have results on Tuesday morning.

The House passed the bill on March 12, by 313-113, after a recommittal to cut the amount in half failed, 109-315.

A total of 55 Republicans supported the bill, 88 Republicans opposed, during original House consideration.

The Senate passed the bill on April 25 by a 53-14 margin.

The Senate approved the conference report on May 16 by voice vote; the House passed the conference report on May 14 by 293-109.

On the conference report vote in the House, 43 Republicans voted for the bill; 12 Democrats against. Fourteen absentees are possible votes to sustain.

This would give us a total of 123 votes to sustain, about 17 short.
~~or 9 more switches needed.~~

JUN 6 1975

THE WHITE HOUSE
WASHINGTON


June 5, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

~~JACK MARSH~~
MAX FRIEDERSDORF

FROM:

JERRY H. JONES 

The following notation was returned in the President's outbox to you:

-- Let me see vote names on public works veto.

Please follow-up with the appropriate action.

Thank you.

cc: Don Rumsfeld

*may save
R
printer
6-10*



JUL 17 1975

THE WHITE HOUSE
WASHINGTON

July 15, 1975

MEMORANDUM FOR: JACK MARSH

THRU: MAX FRIEDERSDORF *MF*
VERN LOEN *VL*

FROM: CHARLES LEPPERT, JR. *CLJ*

SUBJECT: My memo dated July 3, 1975
Status Report, H. R. 8053 Job Creation Act

As a follow-up to my memo of July 3rd, I am enclosing copy of a letter I received from Mr. William F. Ballhaus, President of Beckman Instruments, Inc. in California, regarding the Jobs Creation Act of 1975. I thought you might be interested in the comments he has made.

Attachment

From the desk of

WILLIAM F. BALLHAUS

July 9, 1975

Dear Mr. Leppert:

So you will know who has received this letter, I have sent one to each member of the House Committee on Ways and Means, to the co-sponsors of the Jobs Creation Act of 1975, and to each member of the Senate Committee on Finance.

A handwritten signature in dark ink, appearing to be 'WFB', written in a cursive style.

Wm. F. Ballhaus

Beckman

INSTRUMENTS, INC.

EXECUTIVE OFFICES: 2500 HARBOR BOULEVARD, FULLERTON, CALIFORNIA 92634, (714) 871-4848

July 9, 1975

WM. F. BALLHAUS
PRESIDENT

The Honorable Charles Leppert, Jr.
Special Assistant for Legislative Affairs
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear Mr. Leppert:

Would you vote to provide millions of jobs, to improve real wages for all workers, and to raise everyone's standard of living? You've seen that continuing federal deficits have not solved the country's unemployment problem. Such deficits certainly have caused the serious problem of inflation.

The creation of millions of new, meaningful jobs can only be accomplished by increasing private capital investment. It takes \$30,000 of capital to create one job. Private capital investment can only be increased if the capital investment climate is significantly improved.

Private capital investment is made up of one important source -- personal capital investment. The personal capital investment rate in the U.S. is one-third the rate in Japan, and one-half the rate in Germany.

If the investment climate were improved to increase our personal investment rate to the level in Japan, the result would be a 100 billion dollar annual increase in personal capital investment. Or, if the investment climate were improved to reach the investment rate in Germany, there would be a 50 billion dollar increase in personal capital investment. 100 billion in personal investment would create five million jobs each year; 50 billion would create 2.5 million jobs a year.

The increased investment would improve productivity to a level of 6 to 10 percent rather than our current 3 percent and would reduce the rate of growth of the consumer price index to less than 4 percent.


-2-

There is no capital gains tax in Japan or Germany. There is no double taxation of dividends.

Immediate action to eliminate taxes on capital gains and the double taxation of dividends will improve the personal investment climate and will get our country moving toward a solution to our two most pressing problems -- unemployment and inflation.

May I have your views?

Very truly yours,

A handwritten signature in cursive script, reading "Wm. F. Ballhaus".

Wm. F. Ballhaus

WFB:ss

JUL 7 1975

THE WHITE HOUSE
WASHINGTON

M

July 3, 1975

MEMORANDUM FOR:

JACK MARSH

THRU:

MAX FRIEDERSDORF
VERN LOEN

VL M.B.

FROM:

CHARLES LEPPERT, JR. C.L.

SUBJECT:

Status Report, H. R. 8053
Job Creation Act

H. R. 8053 is a bill to accelerate the formation of the investment capital required to expand both job opportunities and productivity in the private sector of the economy. The bill was introduced on June 19, 1975 with 79 co-sponsors (seven Democrats) and was referred to the House Ways and Means Committee. Rep. Jack Kemp (R-NY) is the principal sponsor of the legislation and the bill is popularly termed the "Job Creation Act".

On June 23, 1975, the House Ways and Means Committee began hearing testimony on general tax reform. Capital formation is a separate subject or topic of these tax reform hearings. The Committee plans to continue its hearings during July and take up specific panels on tax reform of which capital formation will be one of the panels before the Committee.

Attached is Rep. Kemp's speech on the subject for your information.

cc: Tom Loeffler



(Not printed at Government expense)



United States
of America

Congressional Record

PROCEEDINGS AND DEBATES OF THE 94th CONGRESS, FIRST SESSION

Jobs Creation Act of 1975

SPEECH

OF

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, May 21, 1975

Mr. KEMP. Mr. Speaker, together with nearly 50 of my colleagues, I have today introduced the Jobs Creation Act of 1975.

This legislation is designed to accelerate the formation of the investment capital required to expand both job opportunities and productivity in the private sector of the economy. And, it is done without additional reliance on government and through the removal and lessening of present disincentives to investment and savings found in our tax laws.

I am joined in the bipartisan and nationwide cosponsorship of this important legislation by Mr. ARCHER, of Texas; Mr. ARMSTRONG, of Colorado; Mr. ASHBROOK, of Ohio; Mr. BAUMAN, of Maryland; Mr. BEARD, of Tennessee; Mr. BROWN, of Ohio; Mr. BURGNER, of California; Mr. CLANCY, of Ohio; Mr. CONLAN, of Arizona; Mr. CRANE, of Illinois; Mr. ROBERT W. DANIEL, Jr., of Virginia; Mr. DERWINSKI, of Illinois; Mr. DEVINE, of Ohio; Mr. DICKINSON, of Alabama; Mr. DUNCAN, of Tennessee; Mr. ESCH, of Michigan; Mr. ESHLEMAN, of Pennsylvania; Mr. FRENZEL, of Minnesota; Mr. FREY, of Florida; Mr. GOLDWATER, of California; Mr. GOODLING, of Pennsylvania; Mr. GUYER, of Ohio; Mr. HAGEDORN, of Minnesota; Mr. HASTINGS, of New York; Mrs. HECKLER, of Massachusetts; Mrs. HOLT, of Maryland; Mr. KASTEN, of Wisconsin; Mr. KETCHUM, of California; Mr. KINDNESS, of Ohio; Mr. LOTT, of Mississippi; Mr. MARTIN, of North Carolina; Mr. MCCLORY, of Illinois; Mr. MCCOLLISTER, of Nebraska; Mr. MILFORD, of Texas; Mr. MOORE, of Louisiana; Mr. PRESSLER, of South Dakota; Mr. QUIE, of Minnesota; Mr. QUILLEN, of

Tennessee; Mr. ROBINSON, of Virginia; Mr. ROUSSELOT, of California; Mr. SEBELIUS, of Kansas; Mr. SHUSTER, of Pennsylvania; Mr. SPENCE, of South Carolina; Mr. SYMMS, of Idaho; Mr. THONE, of Nebraska; Mr. TREEN, of Louisiana; and Mr. WAGGONER, of Louisiana.

The Jobs Creation Act would help substantially and dramatically to create jobs in the private sector of the economy. It would encourage additional savings and investments by individuals, stimulate home construction and plant expansion, cause major new equipment purchases, assure an increase in real purchasing power by the work force, and help assure the continuity of family businesses and farming operations. It would, consequently, begin a major nationwide shift from tax-consuming jobs to tax-generating jobs and would reduce unemployment compensation and similar aid through a reduced need for them—and all without dependency on new or expanded Federal grants or loan programs.

The proposed act consists of the following provisions:

First, it allows an exclusion from gross income of qualified additional savings and investments made during a tax year—an exclusion up to \$1,000 or \$2,000 for a married couple filing a joint return.

Second, it eliminates the present system of double taxation of common dividends by excluding dividends paid by domestic corporations from gross income.

Third, it grants a \$1,000 exclusion from capital gains for each capital transaction qualifying.

Fourth, it grants an extension of time for payment of estate taxes where the estate consists largely of small business interests.

Fifth, it increases the estate tax exemption for family operations to \$200,000.

Sixth, it amends the corporate normal tax rate and increases the corporate sur-

tax exemption, including provisions for reduced taxes for small business, to give an effective corporate income tax reduction in the range of 6-percent.

Seventh, it increases the investment tax credit to 15-percent and makes it permanent.

Eighth, it allows taxable year price-level adjustments in property and allows increases in class life variances for purposes of depreciation—the latter increasing the asset depreciation range—ADR—from 20 to 40.

Ninth, it provides for a complete write-off in 1 year of required but nonproductive pollution control facilities and equipment.

Tenth, it provides for employee stock ownership plan financing, giving our work force a bigger stake in the productivity and profits of corporations.

Surely, this bill alone will not accomplish all that must be done to assure an adequate investment of job-creating capital over the next decade, but it is an important first step.

To avoid frustration of this bill's purposes we must also start concentrating on means to reduce Government deficit spending—because the borrowing that deficit spending necessitates pre-empts private capital needs out of the available money markets; we need to require more stable and less inflationary monetary policies; we must reduce the massive degree of Government regulation which requires businesses to turn otherwise productive uses of capital into nonproductive uses and prevents competition; and, to stimulate personal savings.

While some Members may not individually endorse every single provision we all agree that we must begin these steps of capital formation if we wish to help preserve our free and prosperous way of life.

During the 1960's the United States had the worst record of capital investment among the major industrialized

nations of the free world. Correspondingly, our records of productivity growth and overall economic growth during this period were also among the lowest of the major industrialized nations. As other nations have channeled relatively more of their resources into capital investment and have acquired more modern plants and equipment, they have eroded our competitive edge in world markets. The logical consequence of such patterns has occurred: The loss of jobs in the American work force. That the present recession—including the high level of unemployment—is a direct consequence of our Government's economic policies and tax-and-spend-and-tax programs of the past years is an inescapable conclusion.

It is time this Nation—and this Congress—be more fully concerned with the relationship between capital investment and prosperity. History shows that true prosperity, measured in real and constant terms, is a direct consequence of increases in capital investment per capita. Yet in terms of constant 1958 dollars, the gross nonresidential fixed investment per person added to the civilian work force in our country has declined by an appreciable 17 percent in the past 18 years, down from \$49,500 to \$41,000.

America is losing its prosperity. It is losing the spirit essential to encourage a full economic recovery. It is forfeiting reliance on the forces of a free economy and the marketplace as the surest means of recovery, substituting for it a false belief that Government deficits can do it for us. There is no basis for that belief in recorded history.

On February 5 of this year, I had the honor of leading a colloquy on the House floor, through which 30 Members presented a statement on alternative economic policies, a statement which we all signed. For us, we drew the line beyond which we would not go in seeing the continuing erosion of individual economic freedom in this country—an erosion of freedom occasioned by once-gradual, now-accelerating intervention by Government in the economic affairs of the people. That statement read, in part:

We believe that solutions to our dual economic problems of inflation and recession lie in returning decision-making to the people through the forces of the marketplace—letting the people decide what to produce, sell, and buy, and at what price levels. The pricing mechanism of the marketplace, derived from the interaction of supply and demand, is a more efficient, productive and stable regulator of the economy than government can ever be. No government agency or official is

as capable of making such decisions as are the people through the voluntary exchange of goods and services. To believe otherwise is to deny the basic tenets of democracy and liberty.

We also believe increased productivity—not compulsory rationing, allocations or regulations and controls—is the basic answer to our problems. We believe prosperity to be related directly to the amount of capital invested in increased production. We believe over-concentration on consumption, fostered by government policy, has led to inadequate attention to the production which results in improved efficiency, more jobs at higher pay, and more goods at less cost.

Finally, we believe our economic ills—from heavy inflation to rising unemployment, from high interest rates to inadequate capital formation, from exorbitant fuel costs to anti-competitive regulatory practices—have one root cause: Policies of government, principally those of the Federal government which cause or contribute to inflation.

We, therefore, propose the following:

Controlling the run-away growth of government and the soaring increases in Federal expenditures and deficits, in an effort to better balance the budget. This would reduce the need for government borrowing from the capital markets and would put a brake on the inflationary expansion of the money supply.

The enactment of job-creating, accelerated capital formation techniques, sufficient to insure the full productive capacity of this country and the millions of jobs which would flow from such full capacity.

It is in furtherance of that statement that we here today offer for the consideration of this Congress—and the people it represents—the Jobs Creation Act.

An increase in private investment is the key to avoiding dependency on Government. As a matter of fact, that dependency deprives our economy of the means of assuring such private investment growth. There can be no rise in the absolute standard of living without increases in private investment in plant and machinery, and there can be no increase in that private investment when Government continues to take massive percentages of the peoples' livelihood in the form of direct taxes and indirect inflation.

Real economic benefits flow from adequate capital investment—increased wages, growth in additional investment, higher return to investors, improved production efficiency and the lowering of costs stemming from such efficiency, and an increase in goods and services.

Yet, as I indicated a few moments ago, America is falling behind in its investment rate. The amount of money added to our industrial plant for each person added to the labor force in the 1970's is

22 percent below what was invested between 1956 and 1965, as an example. As another example—one drawing a foreign parallel—while we have been drifting, France and Germany have doubled their industrial capacity and Japan has tripled its.

If this rate continues, there will be a capital shortfall of \$1,500,000,000,000—\$1.5 trillion—over the next 10 years in what it will take to just stay even at the standard of living we now enjoy. This shortfall means we will be underinvesting \$400 million each and every day for a full decade. If we could find the capital to make up for that loss, we could reduce poverty by 10 million people, create 20 million new jobs, 30 million new homes and a 75 percent increase in the standard of living.

A study released this week by the American Enterprise Institute for Public Policy Research of Washington, D.C., and authored by Alan Fichter, a senior research economist at the Urban Institute, shows convincingly why reliance on the tools of Government—public service employment programs and public works programs—are no answer. For every full \$1 billion in such program money spent, no more than 50,000 jobs are created, and even they are not permanent. If this Congress went out and spent \$8 billion—as some have proposed—in additional public service employment this year, it would reduce unemployment by only 400,000 or a total reduction of only about one-half of 1 percent in the unemployment rate.

There has to be a better way. There is a better way: Reliance on our massive \$1.4 trillion per year economy to recreate these jobs, which it can do if the choking, strangling hands of Government policy and control are taken off that economy.

I have already enumerated the provisions of the Jobs Creation Act, and its projected impact on the economy. As I indicated, it will not do the job alone, but it is a crucial first step. Most of those cosponsoring the measure have also cosponsored other bills to carry into effect the other components of an economic recovery program—lessening expenditures and reducing the deficit, stabilizing monetary policy, reducing regulatory controls, et cetera.

The Jobs Creation Act will help to accomplish these objectives by reducing Government's tax demands on individuals and business. It could, by operation of its provisions, result in a projected loss of revenue to the Treasury of between \$27.5 and \$32.5 billion in revenue. But I hasten to add that much of that loss will

be recovered through increases in the productivity of business and the earnings of more wage earners employed at higher real wages.

We have an excellent recent corporate tax cut parallel from which to make this judgment.

Several years ago the Canadian Government cut its corporate taxes drastically. The effective rate of taxation was reduced from 49 percent to 40 percent, amid cries that it would bring about a substantial decline in revenue to the treasury. Yet, because of the substantial increase in productivity and jobs generated by the tax cut—through the removal of disincentives to investment—there were no losses in revenue. Instead of the \$450 million net loss projected at the time of its enactment, a \$250 million surplus was generated.

We know what this bill will do. It will create jobs, cause additional home construction and plant expansion, cause major new equipment purchases, and so forth. All of this will automatically generate additional revenue for the Treasury in the form of corporate taxes paid on increased business activity. This will happen because of the expanded volume of business activity—not because of the continuance of too high an effective tax rate—and because people who were on unemployment and other forms of relief go back to work.

We have today requested the Economics Division of the Library of Congress to put the provisions of the bill we introduced today onto the economic model now at their disposal to determine the additional revenue which will be generated by this bill. To the degree this revenue offsets projected losses, the Government will not finance expenditures through inflation-creating borrowing. Of course, we believe that total spending should be reduced anyway.

We, the cosponsors of this measure, intend to pursue its enactment actively. We intend to obtain additional cosponsors. We intend to seek public hearings before the House Committee on Ways and Means and the Senate Committee on Finance on the measure.

In order that all Members, as well as the public, know specifically what the provisions of the two identical bills, H.R. 7240 and H.R. 7241 will do, I am at this point including the full texts of those bills:

H.R. 7240 AND H.R. 7241

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this

Act may be cited as the "Jobs Creation Act of 1975".

SEC. 2. TABLE OF CONTENTS.—

Sec. 1. Short title.

Sec. 2. Table of contents.

TITLE I—INDIVIDUAL INCOME TAXES

Sec. 101. Tax credits for qualified savings and investments.

Sec. 102. Exclusion from gross income of amounts received by an individual as dividends from domestic corporations.

Sec. 103. Limited exclusion of certain capital gains.

Sec. 104. Extensions of time for payment of estate tax where estate consists largely of interest in closely held business.

Sec. 105. Interests in family farming operations.

TITLE II—CORPORATION TAXES

Sec. 201. Adjustments of corporate normal tax rates.

Sec. 202. Increase in investment credit.

Sec. 203. Increase in corporate surtax exemption.

Sec. 204. Taxable year price level adjustments in property.

Sec. 205. Increase in class life variance for purpose of depreciation.

Sec. 206. Alternative amortization for pollution control facilities.

TITLE III—EMPLOYEE STOCK OWNERSHIP PLAN FINANCING

Sec. 301. Employee stock ownership plan financing.

TITLE I—INDIVIDUAL INCOME TAXES

TAX CREDITS FOR QUALIFIED SAVINGS AND INVESTMENTS

SEC. 101. (a) IN GENERAL.—There shall be allowed to an individual, as a credit against the tax imposed by this chapter for the taxable year, an amount equal to 10 percent of the amount of qualified savings deposits and investments such individual makes during such year.

(b) LIMITATION.—The credit allowed by subsection (a) for a taxable year shall not exceed \$1,000 (\$2,000 in the case of a joint return under section 6013).

(c) DEFINITIONS.—For the purposes of this section—

(1) QUALIFIED SAVINGS DEPOSITS AND INVESTMENTS.—The term "qualified savings deposits and investments" means—

(A) amounts deposited in a savings deposit or withdrawable savings account in a financial institution;

(B) amounts used to purchase common or preferred stock in a domestic corporation; and

(C) amounts used to purchase a bond or other debt instrument issued by a domestic corporation.

(2) FINANCIAL INSTITUTION.—The term "financial institution" means—

(A) a commercial or mutual savings bank whose deposits and accounts are insured by

the Federal Deposit Insurance Corporation or otherwise insured under State law;

(B) a savings and loan, building and loan, or similar association the deposits and accounts of which are insured by the Federal Savings and Loan Insurance Corporation or otherwise insured under State law; or

(C) a credit union the deposits and accounts of which are insured by the National Credit Union Administration Share Insurance Fund or otherwise insured under State law.

(b) TECHNICAL AMENDMENT.—The table of sections for such subpart A is amended by adding at the end thereof the following:

"SEC. 43. Increased savings and investments by individuals."

(c) EFFECTIVE DATE.—The amendments made by this section apply to qualified savings deposits and investments made after the date of enactment of this section.

EXCLUSION FROM GROSS INCOME OF AMOUNTS RECEIVED BY AN INDIVIDUAL AS DIVIDENDS FROM DOMESTIC CORPORATIONS

SEC. 102. (a) (1) Subsection (a) of section 116 of the Internal Revenue Code of 1954 (relating to partial exclusion of dividends received by individuals) is amended to read as follows:

"(a) EXCLUSION FROM GROSS INCOME.—Gross income does not include amounts received by an individual as dividends from domestic corporations."

(2) The section heading of such section 116 is amended by striking out "Partial Exclusion" and inserting in lieu thereof "Exclusion".

(3) The table of sections for part III of subchapter B of chapter 1 of such Code is amended by striking out the item relating to section 116 and inserting in lieu thereof the following:

"SEC. 116. Exclusion of dividends received by individuals."

(4) Section 643(a)(7) of such Code is amended by striking out "partial exclusion" and inserting in lieu thereof "exclusion".

(b) The amendments made by the first subsection of this section shall apply to taxable years beginning after December 31, 1974.

LIMITED EXCLUSION OF CERTAIN CAPITAL GAINS

SEC. 103. (a) IN GENERAL. Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to items specifically excluded from gross income) is amended by—

(1) redesignating section 124 as section 125, and

(2) inserting immediately after section 123 the following new section:

"SEC. 124. LIMITED EXCLUSION OF CERTAIN CAPITAL GAINS.

"(a) GENERAL RULE.—In the case of a taxpayer other than a corporation, gross income for the taxable year does not include an amount equal to the net section 1201 gain resulting solely from the sale or exchange of securities, to the extent that such amount does not exceed \$1,000.

"(b) EXCEPTION.—Subsection (a) does not apply to a taxpayer who is subject to the tax imposed under section 1201(b).

"(c) DEFINITIONS.—

"(1) NET SECTION 1201 GAIN.—The term 'net section 1201 gain' has the same definition it has under section 1222(11).

"(2) SECURITIES.—The term 'securities' has the same meaning it has under section 165(g)(2).

(b) TECHNICAL AMENDMENTS.—

(1) Section 1202 of such Code (relating to deductions for capital gains) is amended by adding at the end thereof the following new sentence: "No amount of such excess shall be allowed as a deduction under this section to the extent such amount is excluded from gross income under section 124."

(2) The table of sections for part III of subchapter B of chapter 1 of such Code is amended by striking out the item relating to section 124 and inserting in lieu thereof the following:

"Sec. 124. Limited exclusion of certain capital gains.

"Sec. 125. Cross reference to other Acts."

(c) EFFECTIVE DATE.—The amendments made by this section apply to sales or exchanges of securities occurring after December 31, 1974.

EXTENSIONS OF TIME FOR PAYMENT OF ESTATE TAX WHERE ESTATE CONSISTS LARGELY OF INTEREST IN CLOSELY HELD BUSINESS

SEC. 104. (a) ELIMINATION OF REQUIREMENT OF UNDUE HARDSHIP.—Section 6161(a)(2) (relating to extension of time for paying estate tax) is amended by striking out "undue" before "hardship".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply only with respect to estates of decedents dying after the date of the enactment of this Act.

INTERESTS IN FAMILY FARMING OPERATIONS

SEC. 105. (a) Part IV of chapter 11B of the Internal Revenue Code of 1954 (relating to deductions from the gross estate) is amended by adding at the end thereof the following new section:

"SEC. 2057. INTERESTS IN FAMILY FARMING OPERATIONS.

"(a) GENERAL RULE.—For purposes of the tax imposed by section 2001, the value of the taxable estate shall be determined by deducting from the value of the gross estate the lesser of (1) \$200,000, and (2) the value of the decedent's interest in a family farming operation continually owned by him or his spouse during the 5 years prior to the date of his death and which passes or has passed to an individual or individuals related to him or his spouse.

"(b) SUBSEQUENT DISQUALIFICATION RESULTS IN DEFICIENCY.—The difference between the tax actually paid under this chapter on the transfer of the estate and the tax which would have been paid on that transfer had the interest in a family farming operation not given rise to the deduction allowed by paragraph (a) shall be a deficiency in the

576-936-40467

payment of the tax assessed under this chapter on that estate unless, for at least 5 years after the decedent's death—

"(1) the interest which gave rise to the deduction is retained by the individual or individuals to whom such interest passed, and

"(2) the individual or any of the individuals to whom the interest passed resides on such farm, and

"(3) such farm continues to qualify as a family farming operation.

"(c) DEATH OF SUBSEQUENT HOLDER.—In the case of the subsequent death of an individual to whom the interest in a family farming operation has passed, his successor shall be considered in his place for purposes of paragraph (b).

"(d) DEFINITIONS.—

"(1) FAMILY FARMING OPERATION.—A 'family farming operation' is a farm—

"(A) actively engaged in raising agricultural crops or livestock 'for profit', within the meaning of section 183, and

"(B) over which the owner or one of the

"If the taxable income is:

Not over \$1,000,000-----
Over \$1,000,000 but not over \$10,000,000----

Over \$10,000,000 but not over \$100,000,000--

Over \$100,000,000 but not over \$1,000,000,000

Over \$1,000,000,000-----

For purposes of applying the percentages and amounts of tax set forth in the preceding table in the case of a corporation which is a component member of a controlled group of corporations (within the meaning of section 1563), the taxable income of the other component members of such group shall, under regulations prescribed by the Secretary or his delegate, be taken into account."

(b) The amendments made by subsection (a) of this section shall apply to taxable years beginning after December 31, 1974.

INCREASE IN INVESTMENT CREDIT

SEC. 202. (a) INCREASE OF INVESTMENT CREDIT TO 15 PERCENT.—Paragraph (1) of section 46(a) (determining the amount of the investment credit) is amended to read as follows:

"(1) GENERAL RULE.—

"(A) FIFTEEN-PERCENT CREDIT.—Except as provided in subparagraph (B), the amount of the credit allowed by section 38 for the taxable year shall be equal to 15 percent of the qualified investment (as defined in subsection (c)).

"(B) TWELVE-PERCENT CREDIT.—In the case of property—

"(i) the construction, reconstruction, or erection of which is completed by the taxpayer before July 1, 1975, or

"(ii) which is acquired by the taxpayer before July 1, 1975,

owners exercises substantial personal control and supervision.

"(2) RELATIONS.—An individual is 'related' to the decedent or his spouse if he is that person's father, mother, son, daughter, grandson, granddaughter, brother, sister, uncle, aunt, first cousin, nephew, niece, husband, wife, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, or in the absence of any of the above his next of kin."

(b) The amendments made by subsection (a) of this section shall apply to taxes imposed by section 2001 after December 31, 1974.

TITLE II—CORPORATION TAXES

ADJUSTMENTS OF CORPORATE NORMAL TAX RATE

SEC. 201. (a) Section 11(b) (relating to corporate normal tax) is amended to read as follows:

"(b) NORMAL TAX.—The normal tax is the amount determined in accordance with the following table:

The normal tax is:

20% of the taxable income.
\$200,000, plus 20.25% of excess over \$1,000,000.

\$2,000,000, plus 20.5% of excess over \$10,000,000.

\$20,000,000, plus 20.75% of excess over \$100,000,000.

\$200,000, plus 21% of excess over \$1,000,000,000.

the amount of the credit allowed by section 38 for the taxable year shall be equal to 12 percent of the qualified investment (as defined in subsection (c)).

"(C) TRANSITIONAL RULE.—In the case of property—

"(i) the construction, reconstruction, or erection of which is begun by the taxpayer before July 1, 1975, and

"(ii) the construction, reconstruction, or erection of which is completed by the taxpayer after June 30, 1975,

subparagraph (B) shall apply to the property to the extent of that portion of the basis which is properly attributable to construction, reconstruction, or erection before July 1, 1975, and subparagraph (A) shall apply to such property to the extent of that portion of the basis which is properly attributable to construction, reconstruction, or erection after June 30, 1975."

(b) EFFECTIVE DATE.—The amendments made by subsection (a) of this section shall apply to taxable years beginning after December 31, 1974.

INCREASE IN CORPORATE SURTAX EXEMPTION

SEC. 203. (a) GENERAL RULE.—Section 11(d) (relating to surtax exemption) is amended by striking out "\$25,000" and inserting in lieu thereof "\$100,000".

(b) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 1561(a) (as in effect for taxable years beginning after December 31, 1974) (relating to limitations on certain multiple tax benefits in the case of certain controlled corporations) is amended by striking out "\$25,000" and inserting in lieu thereof "\$100,000".

(2) Paragraph (7) of section 12 (relating to cross references for tax on corporations) is amended by striking out "\$25,000" and inserting in lieu thereof "\$100,000".

(3) Section 962(c) (relating to surtax exemption for individuals electing to be subject to tax at corporate rates) is amended by striking out "\$25,000" and inserting in lieu thereof "\$100,000".

(c) EFFECTIVE DATE.—The amendments made by subsection (a) of this section shall apply to taxable years beginning after December 31, 1974.

TAXABLE YEAR PRICE LEVEL ADJUSTMENTS IN PROPERTY

SEC. 204. Section 1016(a) of the Internal Revenue Code of 1954 (relating to adjustments to basis) is amended—

(1) by striking out the period at the end of paragraph (22) and inserting in lieu thereof a semicolon; and

(2) by adding at the end thereof the following new paragraph:

"(23) in respect to any period after December 31, 1974, before making any other adjustments of basis under this subsection, for an amount which is equal to the difference between—

"(A) the basis of the property, as determined under section 1011, before adjustment under this section, multiplied by the ratio which the prices index (average over a taxable year of the Consumer Price Index (all items—United States city average) published monthly by the Bureau of Labor Statistics) for the taxable year in which the property is sold or otherwise disposed bears to the price index for the taxable year in which the property was acquired, or for the calendar year 1974, whichever is later, and

"(B) the basis of the property as determined under section 1011 before adjustment under this section."

INCREASE IN CLASS LIFE VARIANCE FOR PURPOSES OF DEPRECIATION

SEC. 205. (a) IN GENERAL.—Section 167(m)(1) of the Internal Revenue Code of 1954 (relating to class lives for purposes of depreciation) is amended by striking out "30" and inserting in lieu thereof "40".

(b) EFFECTIVE DATE.—The amendment made by this section applies to property acquired or the construction of which is begun after December 31, 1974.

ALTERNATIVE AMORTIZATION PERIOD FOR POLLUTION CONTROL FACILITIES

SEC. 206. (a) IN GENERAL.—Section 169 of the Internal Revenue Code of 1954 (relating to amortization of pollution control facilities) is amended by—

(1) striking out "60 months" in subsection (a) and inserting in lieu thereof "60 months or 12 months",

576-936-40467

(2) striking out "60-month period" in subsection (a) and inserting in lieu thereof "60-month or 12-month period", and

(3) striking out "60-month period" in subsection (b) and inserting in lieu thereof "60-month or 12-month period".

(b) EFFECTIVE DATE.—The amendments made by this section apply to any new identifiable treatment facility (as defined in section 169(d)(4) of such Code) acquired or the construction, reconstruction, or erection of which is begun after December 31, 1974.

TITLE III—EMPLOYEE STOCK OWNERSHIP PLAN FINANCING

EMPLOYEE STOCK OWNERSHIP PLAN FINANCING

SEC. 301. (a) The Internal Revenue Code of 1954 is amended by adding the following new section 416 at the end of subpart B of part I of subchapter D of chapter 1:

"SEC. 416. EMPLOYEE STOCK OWNERSHIP PLAN FINANCING.

"(a) DEFINITIONS.—

"(1) 'Employee stock ownership plan' means a technique of corporate finance described in section 4975(e)(7) that utilizes stock bonus plans, or stock bonus plans coupled with money purchase pension plans, which satisfy the requirements of section 401(a) and are designed—

"(A) to invest primarily in qualifying employer securities;

"(B) to meet general financing requirements of a corporation, including capital growth and transfers in the ownership of corporate stock;

"(C) to build into employees beneficial ownership of qualifying employer securities;

"(D) to receive loans or other extensions of credit to acquire qualifying employer securities, with such loans and credit secured primarily by a commitment by the employer to make future payments to the plan in amounts sufficient to enable such loans and interest thereon to be repaid; and

"(E) to limit the liability of the plan for repayment of any such loan to payments received from the employer and to qualifying employer securities, and dividends thereon, acquired with the proceeds of such loan, to the extent such loan is not yet repaid.

"(2) For purposes of this section, the term 'employer securities' means securities issued by the employer corporation, or by an affiliate of such employer.

"(3) For purposes of this section, the term 'qualifying employer securities' means common stock, or securities convertible into common stock, issued by the employer corporation, or by an affiliate of such employer.

"(b) SPECIAL DEDUCTIONS.—

"(1) In addition to the deductions provided under section 404(a), there shall be allowed as a deduction to an employer the amount of any dividend paid by such employer during the taxable year with respect to employer securities, provided—

"(A) such employer securities were held on the record date for such dividend by an employee stock ownership plan; and

"(B) the dividend received by such plan is distributed, not later than 60 days after the close of the plan year in which it is received, to the employees participating in the plan, in accordance with the plan provisions; or

"(C) the dividend received by such plan is applied, not later than 60 days after the close of the taxable year, to the payment of acquisition indebtedness (including interest) incurred by the plan for the purchase of qualifying employer securities.

"(2) Notwithstanding the limitations of section 404(a), there shall be allowed as a deduction to an employer the amount of any contributions paid on account of a taxable year (as described in section 404(a)(6)) to an employee stock ownership plan, provided such contributions are applied to the payment of acquisition indebtedness (including interest) incurred by the plan for the purchase of qualifying employer securities.

"(3) For purposes of sections 170(b)(1), 642(c), 2055(a) and 2522, a contribution, bequest or similar transfer of employer securities or other property to an employee stock ownership plan shall be deemed a charitable contribution to an organization described in section 170(b)(1)(A)(iv), provided—

"(A) such contribution, bequest or transfer is allocated, pursuant to the terms of such plan, to the employees participating under the plan in a manner consistent with section 401(a)(4);

"(B) no part of such contribution, bequest or transfer is allocated under the plan for the benefit of the taxpayer (or decedent), or any person related to the taxpayer (or decedent) under the provisions of section 267(b), or any other person who owns more than 25 percent in value of any class of outstanding employer securities under the provisions of section 318(a); and

"(C) such contribution, bequest or transfer is made only with the express approval of such employee stock ownership plan.

"(c) TREATMENT OF PARTICIPANTS.—

"(1) Qualifying employer securities acquired by an employee stock ownership plan through acquisition indebtedness incurred by the plan in connection with the financing of capital requirements of the employer corporation or its affiliates must be allocated to the accounts of the participating employees to the extent that contributions and dividends received by the plan are applied to the payment of such acquisition indebtedness (including interest), in accordance with the terms of the plan and in a manner consistent with section 401(a)(4).

"(2) Upon retirement, death or other separation from service, an employee participating under an employee stock ownership plan (or his beneficiary, in the event of death) will be entitled to a distribution of his nonforfeitable interest under the plan in employer securities of other investments allocated to his account, in accordance with the provisions of such plan. If the plan so provides, the employee (or beneficiary) may elect to receive all or a portion of the distribution from the plan in—

"(A) employer securities, other than qualifying employer securities;

"(B) cash;

"(C) a diversified portfolio of securities;

"(D) a nontransferable annuity contracts; or

"(E) any combination of the above.

"(3) An employee stock ownership plan may provide for the required repurchase of qualifying employer securities from an individual receiving a distribution thereof if all other such outstanding employer securities, whether or not acquired through the plan, are subject to repurchase from nonemployee shareholders under similar circumstances.

"(4) Upon receipt of a lump sum distribution, as described in section 402(e) (4) (A), from an employee stock ownership plan, an individual may exclude from gross income that part of the distribution which consists of employer securities or other assets if income producing, held or reinvested within 60 days in income-producing assets of equivalent value, for the purpose of providing that individual with dividends or other forms of realized current income from such assets. Upon subsequent sale or disposition of any employer securities or other assets distributed by an employee stock ownership plan, to the extent that proceeds realized from such sale or disposition are not reinvested within 60 days in income producing assets, the total amount of such proceeds (or the fair market value of any such securities or assets that are transferred without adequate

576-936-40467

consideration) shall be treated as ordinary income to the individual.

"(5) An employee receiving a distribution under paragraph (b) (1) (B) of this section shall be subject to taxation under section 402(a) (1), and the provisions of section 116 shall not apply to such distribution.

"(6) A contribution by an employer which is deductible under paragraph (b) (2) of this section, or a contribution described in paragraph (b) (3) of this section, shall not be included in the meaning of annual addition under section 415(c) (2).

"(7) No contribution to an employee stock ownership plan may be allocated for the benefit of any participant if the value of the total accumulation of employer securities and other investments under the plan for the benefit of that participant equals or exceeds \$500,000, less the amount of any such accumulation for that participant under any other employee stock ownership plans.

"(d) SPECIAL PROVISIONS.—

"(1) The acquisition or holding of qualifying employer securities and the incurring of acquisition indebtedness by an employee stock ownership plan shall be deemed to satisfy the requirements of section 404(a) (1) of the Employee Retirement Income Security Act of 1974 provided that—

"(A) the requirements of sections 408(b) (3) and 408(e) of such Act are satisfied; and

"(B) the same standards of prudence and fiduciary responsibility that corporate management must exercise with respect to its shareholders are satisfied.

"(2) Upon application by an employee

stock ownership plan, the Secretary of the Treasury or his delegate shall issue an advance opinion as to whether a proposed transaction involving that employee stock ownership plan will satisfy all the requirements described in paragraph (1) of this subsection, and any such opinion shall be binding upon the Secretary."

(b) Payments by an employer to an employee stock ownership plan as defined in section 416(a) (1) of the Internal Revenue Code of 1954, of the purpose of enabling such plan to pay acquisition indebtedness incurred for the purchase of qualifying employer securities or other contributions to such plan shall not be treated as compensation, fringe benefits, or deferred compensation payments for the purposes of any laws, Executive orders, or regulations designed to control, establish guidelines, or otherwise stabilize employee compensation or benefits, but shall be treated as the equivalent of debt service payments made in the normal course of financing the capital requirements of that employer.

Mr. Speaker, if we are to preserve economic freedom in our society—and there cannot long exist any type of freedom without economic freedom—then we must begin now to reduce the overwhelming burden of taxes placed on our Nation's productive capacity. This bill is the crucial first major step in that direction. If we truly cherish individual freedom of choice in the economic lives of the people, we will enact this bill and do so very soon.

THE WHITE HOUSE

WASHINGTON

March 17, 1976

MEMORANDUM TO: JACK MARSH

FROM:

RUSS ROURKE

Rourke

Jack, per your request, attached is the summary of H. R. 50. OMB was, unfortunately, only able to condense this into three pages.

Very good!

M Ray

D-

Show to W.

done 3/19

FULL EMPLOYMENT AND BALANCED GROWTH ACT OF 1976
(Subcommittee Print of March 10, 1976)

Title 1 - Establishment of Goals, Planning, and General Economic Policy

1. Federal policy is to "promote balanced growth and useful employment opportunities"; Americans able, willing and seeking work have right "to opportunities for useful paid employment at fair rates of compensation."
2. 1946 Employment Act amended to require that Economic Report of President set forth (1) annual numerical goals for employment, production and purchasing power designed to achieve balanced growth and full employment and (2) comprehensive set of anti-inflation policies.
- 3a. President to submit to Congress an annual Full Employment and Balanced Growth Plan, prepared with CEA and OMB assistance, which would propose specific long term national goals for full employment, production and purchasing power and the major policies, programs, and legislative recommendations required to achieve such goals in order to achieve 3% unemployment rate by 1980.
- 3b. Plan to be submitted to State Governors and other State and local officials who would have 60 days to give findings and recommendations (including citizens' views obtained in public hearings) on Plan to Joint Economic Committee.
- 3c. President's Budget and Economic Report to set forth Federal expenditures, tax policies and monetary policies consistent with Economic Report and Plan. FRB to transmit to President and Congress statement indicating how its proposed policies accord with Report and Plan and justifying deviations. President can recommend changes in FRB policies to Board and Congress.
4. President to submit annual proposals for improving efficiency and economy of Federal Government including review of rules and regulations and an annual in depth analysis and evaluation "of 20 per centum of the dollar value of existing Federal programs."
5. A 12-member Advisory Committee, 4 each appointed by President, House Speaker and Senate President pro tempore would assist CEA preparation and review of Report and Plan.

Title II - Countercyclical, Structural and Youth Employment Policies

1. Purpose to close "employment gap" between levels of employment achieved through aggregate monetary and fiscal policy and employment goals established by Report and Plan.
2. President to submit to Congress, within 90 days after enactment of bill, legislative proposals to establish permanently (a) the supplementary employment policies and programs required "to reduce high unemployment arising from cyclical movements in the economy." Public works, public service employment, skill training, youth employment and other programs would be considered for inclusion. Automatic trigger(s) relating to unemployment would phase in and phase out programs; and (b) a countercyclical grant program that will stabilize State and local budgets during periods of recession and high unemployment.
3. President to submit to Congress, within 180 days of enactment, (a) an employment proposal to reduce the "chronic underutilization of human and capital resources" in certain areas of the country, and (b) legislation to encourage public and private investment in economically depressed areas and to provide new sources of funds to finance local and State public facilities.
4. President to transmit to Congress within 90 days of enactment legislation creating a comprehensive youth employment program.
5. A Full Employment Office established in Department of Labor to provide employment opportunities for adults who have been frustrated in obtaining work.
6. "Reservoirs" of Federally financed job opportunities in public and private nonprofit projects would be provided by President, in conjunction with Labor, for workers unable to get jobs under other provisions of bill in order to achieve a 3% unemployment rate.
7. Within 90 days of enactment, President to submit to Congress proposal, including legislation, to insure that employment is substitute for income maintenance programs to the maximum degree feasible.

Title III - Policies and Procedures for Congressional Review

1. The Joint Economic Committee (JEC) shall (1) review executive branch policies under this bill; (2) submit to Congressional Budget Committee's recommendations on annual numerical goals for employment, production and purchasing power; (3) receive, within 60 days of its receipt, views of all Congressional

standing and joint committees on the President's Plan; and (4) report, within 105 days of receipt of the Plan, a concurrent resolution to both Houses either approving or disapproving the Plan and containing alternatives, modifications or additions as appropriate. Upon adoption, concurrent resolution would be transmitted to President and serve as guide to Congress with respect to relevant legislation.

2. A Division of Full Employment and Balanced Growth would be established in CBO to assist the JEC.

Title IV - General Provisions

1. Prohibits denial of benefits of bill on grounds of sex, age, race, color, religion or national origin. If noncompliance, Secretary of Labor can take action or refer matter to Attorney General who can bring civil action. Secretary of Labor to include in Manpower Report of President analysis of how this provision achieves affirmative action in jobs.
2. Equal wages to be paid for equal work; minimum wage standards set.

H.R. 12987 - Emergency Jobs Program Extension ActBackground

Title VI was enacted in December 1974, as a Congressional substitute for the Administration October proposal, to provide regular public service jobs as a counter-cyclical device. \$3.7 billion has been appropriated; funds available maintain 260,000 jobs through January 31, 1977.

The Administration's proposed to phase out Title VI in 1977 in light of improving economic conditions, but during conference negotiations on H.R. 12987 accepted continuation at current levels if jobs becoming available from turnover were reserved for the longer-term low-income unemployed.

Provisions of H.R. 12987

Funding: Authorizes "such sums" for 1977 only. Conference did not want to make an issue of level. The Continuing Resolution will likely provide for the 260,000 thru 1977 and indicate the expectation of a supplemental early in the next Congress to increase the level. The Second Congressional Budget Resolution provides for reaching 500,000 jobs in 1977.

1977 outlays in millions

from prior year obl.....	<u>860</u>
to phase out in 1977	+500, for a total of 1,360
to maintain 260,000 in 1977	+1,400, for a total of 2,260
to reach Cong. ceiling...	+2,625, for a total of 3,485

Program Design: (A) For jobs over the level of June 30, 1976, (about the 260,000) new hires must be low-income and longer term (15 weeks) unemployed; jobs are one-year projects. This is very close to the President's October 1974 proposal.

(B) For jobs opening thru turnover: 50% of new hires must be on terms of "A" above; 50% may be hired under regular Title VI provisions with permissive preference for public



safety and health officers. Therefore, even if the 260,000 level only is funded, projects and the eligibility criteria will be in effect for a growing proportion of participants; probably over half by the end of 1977.

- The maximum administrative cost allowance is increased to 15% from 10%. This need not add to total cost but Labor argues that the increase should be funded (about \$100 million) to prevent reduction in jobs level thru absorption of cost.
- No quotas or goals may be set to limit rehires in the 50% under the old terms. This is to bail out cities like Detroit who freely substitute PSE funds for regular funds.

Other Points

- Includes the National Commission on Employment and Unemployment Statistics generally as desired by CEA and Labor.
- The program is clearly no longer a counter-cyclical device in design. While similar to the 1974 Administration bill, it excludes any notion of trigger off or limitation to high unemployment areas.
- Annual cost of the Congressional jobs level is over \$4 billion, compared to the balance of CETA which is roughly \$3 billion. Annual cost of the 260,000 could be about \$2.5 billion.
- DOL strongly recommends approval.

