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FROM THE DESK OF
INA KEEGAN
PRESS SECRETARY TO THE MAYOR

694-2668

July 14, 1976

Mr. Steve McConahey
Special Assistant to
the President



Dear Mr. McConahey:

We thought you might be interested
in the attached Plain Dealer story concern-
ing the jobs bill veto.

Best regards,

A handwritten signature in cursive script that reads "Ina Keegan". The signature is written in dark ink and is positioned below the typed name.

THE WHITE HOUSE
WASHINGTON

July 14, 1976

MEMORANDUM FOR:

JIM CANNON

FROM:

STEVE McCONAHEY *SM*

SUBJECT:

Letter from Mayor Perk

Attached is a letter from Mayor Perk reflecting several resolutions passed by the recent Conference of Mayors. They reflect both substantive as well as symbolic responses to urban problems. They do suggest the possibility of a Presidential message or action in response to the cities, possibly using the results of Secretary Hills analysis when that is completed.

Attachment

cc: Dave Gergen



national conference of republican mayors

Dwight D. Eisenhower Republican Center
310 First Street Southeast,
Washington, D.C. 20003

(202) 484-6500

17.
encl
Steve McConehey

6 July 1976

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

Mr. President:

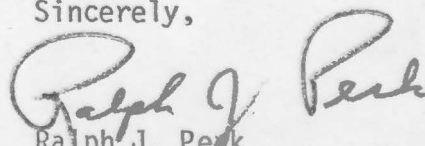
At its 1976 annual meeting in Milwaukee, Wisconsin, the U.S. Conference of Mayors unanimously passed the attached resolution.

The resolution asks that the nominees:

- act to increase public perception of urban issues
- define their proposed corrective action on urban problems
- select a Mayor or other person knowledgeable in urban affairs as their Vice Presidential running mate.

You will note that the resolution was introduced by prominent Mayors of both parties. The Executive Committee of the National Conference of Republican Mayors has endorsed the resolution and instructed me to forward it to you.

Sincerely,


Ralph J. Peak
Chairman



Vice Presidential

Winners

Mayor Ted Wills, Fresno
Mayor Richard J. Daley, Chicago
Mayor Janet Gray Hayes, San Jo
Mayor Richard G. Hatcher, Gary
Mayor Tom Moody, Columbus
Mayor Pete Wilson, San Diego
Mayor Paul R. Soglin, Madison

Mayor Margaret Hance, Phoenix
Mayor Fred Hofheinz, Houston
Mayor Patience S. Latting,
Oklahoma City
Mayor Maynard Jackson, Atlanta
Mayor William S. Hart, East Or



WHEREAS, more than three-quarters of the Nation's population lives within our great urban areas;

WHEREAS, it is in these urban areas where the problems of joblessness, inadequate housing, transportation, and taxation are the most severe;

WHEREAS, it is in these urban areas where crime and poverty feed upon each other, deteriorating the quality of life;

WHEREAS, the collective voice of this country's cities and towns has been muffled in the clamor over the world economy, foreign conflicts and military spending;

WHEREAS, a close and responsive relationship between the elected leaders of America's cities and towns and the domestic policy arm of the Nation's executive branch is crucial to the vitality of this country;

THEREFORE BE IT RESOLVED that the U.S. Conference of Mayors calls on the Presidential Nominees in the National Election on November 2, 1976, to take positive actions to increase public perception concerning urban issues, and to spell out in clear and precise language the kinds of corrective action they favor to deal with these issues;

BE IT FURTHER RESOLVED that the U.S. Conference of Mayors
urges the Presidential Nominees to select a mayor or a person
who is knowledgeable about urban affairs and sensitive to our
problems as a Vice Presidential running mate.



THE WHITE HOUSE

WASHINGTON

July 14, 1976

MEMORANDUM FOR:

JIM CANNON

FROM:

STEVE McCONAHEY

SUBJECT:

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Attachment

cc: Dave Gergen



*Ray
Hills*

*Saw
Hills
President
acknowledged
and
Perk ?*

"Copy"

July 20, 1976

EXECUTIVE

FA

LA 20

LG/C *

PL 2-3

Public Works
Bill

Dear Ms. Keegan:

Thank you for sending me the clipping from the Cleveland Plain Dealer concerning Mayor Perk's support of the President's public works jobs bill veto.

As always, Mayor Perk ^{+ RALPH J.} has shown understanding of the long-range effects of what might appear on the surface to be attractive legislation. And, as always, Mayor Perk has had the courage to break away from the knee-jerk reaction of many other local officials.

The President has asked me to pass on to Mayor Perk his appreciation for the Mayor's support.

Best wishes.

Sincerely,

Ron Nessen
Press Secretary
to the President

Ms. Ina Keegan
Press Secretary
to Mayor Perk
* Cleveland, Ohio

RN/jb

RECEIVED

JUL 21 1976

CENTRAL FILES

July 20, 1976

MEMORANDUM FOR: JIM CANNON
FROM: RAY HANZLIK
SUBJECT: Mayor Perk's Comments On
Public Works Bill Veto

Attached, for your information, is a recent Cleveland Plain Dealer story on Mayor Perk's reaction to the Public Works bill veto.

Attachment

cc: Jim Cavanaugh
Art Quern



RECEIVED
JUL 25 1976
CENTRAL FILES

FROM THE DESK OF

INA KEEGAN

ESS SECRETARY TO THE MAYOR

694-2668

July 14, 1976

Mr. Ron Nessen
Press Secretary to
the President

Dear Mr. Nessen:

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in the attached (Cleveland) Plain Dealer
story concerning the jobs bill veto.

Best regards,

Ina Keegan



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15-A



THE PLAIN DEALER, THURSDAY, JULY 8, 1976

15-A

Ford's veto of jobs bill praised by Perk

By Andrew M. Juniewicz

Mayor Ralph J. Perk praised President Ford yesterday for vetoing a \$3.95 billion public works-jobs bill, even

measure were presented to the President without a public works provision, "I believe the President would support it," Perk said.

Asked what his attitude would be if

unanimous call for Ford to sign the bill.

Republicans "did not urge him to sign," Perk explained. "We just decided not to oppose the issue."

At one point in the interview Perk

THE WHITE HOUSE
WASHINGTON

July 20, 1976

Ray /
Thanks
Jim

MEMORANDUM FOR: JIM CANNON
FROM: RAY HANZLIK ~~RA~~
SUBJECT: Mayor Perk's Comments On
Public Works Bill Veto



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Attachment

cc: Jim Cavanaugh
Art Quern

Ray -
Rth drop &
vote of
bill
Thanks from
President
Perk.

July 20, 1976

MEMORANDUM FOR: JIM CANNON
FROM: RAY HANZLIK
SUBJECT: Mayor Perk's Comments On
Public Works Bill Veto

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Attachment

cc: Jim Cavanaugh
Art Quern



THE WHITE HOUSE
WASHINGTON

July 29, 1976

MEMORANDUM FOR:

JAMES CANNON

FROM:

STEVE McCONAHEY

sem

SUBJECT:

Draft letter to Mayor Ralph Perk
Cleveland, Ohio.

Per your request, attached is a draft Presidential letter to Mayor Ralph Perk of Cleveland, Ohio, for his support of the President's veto of the Public Works Employment Act of 1976.

Good



Attachment

DRAFT letter to Mayor Ralph Perk, Cleveland, Ohio

Dear Ralph:

I want to express my personal thanks for your continued support and for your recent statements and actions in response to my veto of the Public Works Employment Act of 1976. Knowing the sympathies of most Mayors on that legislation, I think your position was courageous and it is appreciated.

I am firmly committed to developing and revitalizing our cities, and I believe we are taking the right approach to this vital area of concern. The support we have received from you and your Republican colleagues in the Conference continues to be very important.

Again, my personal thanks for your continued, active support.

Sincerely,

GRF



THE WHITE HOUSE

WASHINGTON

July 30, 1976

MEMORANDUM FOR: ROBERT HARTMANN

FROM: JIM CANNON

SUBJECT: Draft Letter to Mayor Ralph Perk,
Cleveland, Ohio

Attached for your review and approval is a draft Presidential letter to Mayor Ralph Perk of Cleveland, Ohio for his support of the President's veto of the Public Works Employment Act of 1976.

_____ APPROVE LETTER

_____ OTHER



THE WHITE HOUSE
WASHINGTON

File

August 14, 1976

MEMORANDUM FOR: JIM CANNON

FROM:

ART QUERN *AND*

SUBJECT:

Countercyclical Program



As we have discussed, the recently enacted Countercyclical Public Works Bill (S. 3201) contains an extremely tight schedule for payments to eligible recipients.

In effect, the bill authorizes approximately \$700 million to be distributed to state and local governments this fall. Its ostensible target date is October 5 for the first payments and eligible recipients are anxiously awaiting these payments.

The first issue is the lack of an appropriation from the Congress. An appropriation bill is in committee but has not yet been cleared. We probably can expect that a bill will be sent to the President right around Labor Day.

The second issue is whether the Administration should begin to gear up now to prepare to issue the payments. If we do not begin now to get ready in anticipation of an appropriation, it will be impossible to meet a payment date before November. Even though Congress may be dallying in passing an appropriation, the Administration will be challenged as incompetent if these payments are not made in October.

I urge that you recommend to the President that we approve our directing Treasury to do all that is necessary to assure that the payments can be made on time. We would need to begin now to anticipate enactment of the appropriation.

THE WHITE HOUSE
WASHINGTON

August 27, 1976

MEMORANDUM FOR: JAMES M. CANNON
FROM: STEVE McCONAHEY
SUBJECT: Status of Public Works/Countercyclical Legislation

Over the past several weeks, I have received numerous inquiries from State and local officials about the steps being taken to implement the Public Works/Countercyclical legislation.

Numerous cities and counties are prepared to submit applications and initiate projects immediately. I have indicated to them that passage of an appropriation bill and issuance of administrative procedures will be necessary before funds can flow to local jurisdictions. In response, most officials, Republican and Democratic, have expressed the hope that the President will not attempt to delay implementation of this legislation, and that he will approve an appropriation and direct the Department of Commerce to move quickly in the issuance of simple and unburdensome guidelines.

It is my understanding that OMB has prepared a memorandum for the President seeking his opinion on what steps the Administration should take to support or delay and/or veto the upcoming appropriations legislation. It is also my understanding that the President currently favors a veto. If this is true, I think it is important for us to place before him the suggestion that further delay and a continuing battle with Congress on this legislation could have a negative effect.

In sum, I suggest that we move to present a balanced viewpoint to the President to insure that he is aware of the consequences of approving or vetoing the legislation. Moreover, we should avoid the appearance of bureaucratic delay in the development of program procedures and regulations if we are to proceed with the legislation.

9/6/76 File
Steve -
Ms see
me.
Jm



THE WHITE HOUSE
WASHINGTON

file
Public Works

September 4, 1976

MEMORANDUM FOR: JIM CONNOR
FROM: JIM CANNON *[Signature]*
SUBJECT: Jim Lynn Memo on Public Works
Appropriations Bill

I concur with Jim Lynn's recommendation that the President sign the bill.

Under the circumstances of this particular bill a veto would be viewed as an obstructionist tactic even by our friends. The Congress has expressed its will and would be certain to override the veto.

State and local officials are counting on these funds; and if the Appropriations Bill is passed, we will be under considerable pressure to get the funds to governors and mayors as fast as possible.



THE WHITE HOUSE

WASHINGTON

September 2, 1976

MEMORANDUM FOR: JIM CONNOR
FROM: JIM CANNON
SUBJECT: JIM LYNN MEMO ON PUBLIC WORKS
APPROPRIATIONS BILL

I concur with Jim Lynn's recommendation that the President sign the bill.

~~I would add the further comment that under the circumstances of this particular bill a veto would be viewed as an obstructionist tactic even by our friends. The Congress has expressed its will and State and local officials are not expecting these funds. To veto this bill now runs the risk of damaging our position that the President's vetoes represent a constructive step.~~

would be
difficult
to override
the veto.

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these funds

~~the now would seem~~
Appropriations

1976 - 2 - 1 7
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considerable
pressure
would be under

And if the ^{appropriation} bill is passed, we will ^{get} the funds to _____ and _____ as fast
as possible. _____ governors _____ mayors



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

AUG 31 1976

ACTION

MEMORANDUM FOR: THE PRESIDENT

FROM: JAMES T. LYNN

SUBJECT: Public Works Appropriations Bill

I. BACKGROUND

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

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

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



II. OPTIONS

The two basic options are:

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

Option #1. Veto the bill

PRO

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

CON

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

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

Option #2. Sign the Bill

PRO

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

CON

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

III. RECOMMENDATION

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



2nd page retyped

THE WHITE HOUSE
WASHINGTON

September 2, 1976

MEMORANDUM FOR: JIM CANNON
FROM: DAVID LISS *DL*
SUBJECT: PUBLIC WORKS APPROPRIATIONS BILL

I recommend you concur with the OMB recommendation of signature and that, in addition, you send the attached memo to Jim Connor.

cc: Quern
McConahey

OMB decision memo ? - attached



0903/8

file

THE WHITE HOUSE

WASHINGTON

September 7, 1976

MEMORANDUM TO: THE HONORABLE WILLIAM E. SIMON
SECRETARY OF THE TREASURY

FROM: JIM CANNON *J. Cannon*

SUBJECT: Countercyclical Payments

To follow-up on our conversation this morning, the President would like appropriate preparation to begin now to make countercyclical payments promptly, if and when Congress passes the legislation. Max Friedersdorf says Congress may pass this appropriation late this week, but more likely next week.

The President has not yet decided whether to sign or not sign the appropriation bill. But in the eventuality it does become law, he asked that the Treasury Department put whatever resources may be necessary toward moving the payments with dispatch.

Steve McConahey, the President's Special Assistant for Intergovernmental Affairs, has already received a large number of inquiries from governors, mayors and others about these prospective payments. Steve and his staff are available to work with the Treasury staff in handling inquiries from state and local officials.

Many thanks.

cc: James T. Lynn





OFFICE OF THE GOVERNOR
COLUMBUS, OHIO 43215

file

September 10, 1976

Honorable Gerald R. Ford
The White House
Washington, D. C. 20006

Dear Mr. President:

As you are aware, the Public Works Employment Act of 1976 is currently pending before the United States Congress. All indications are that the legislation will soon be on your desk for your action.

This legislation will serve a critically important need for Ohio. It will create vitally important jobs for Ohio's working men and women.

I strongly request that you sign this very important and necessary legislation. Thank you for every consideration.

Very respectfully,

James A. Rhodes
James A. Rhodes
GOVERNOR

CC: Mr. James Cannon
Assistant to President for
Domestic Affairs



09/3/2

THE WHITE HOUSE
WASHINGTON

f.

JMC

Sent to Art for appropriate handling.

Any instructions?

Allen

Send him
to Commence

Talked to by Art

~~Call Art~~

DONALD J. MITCHELL
31ST DISTRICT, NEW YORK

COMMITTEES:
ARMED SERVICES
SUBCOMMITTEE ON INVESTIGATION
SUBCOMMITTEE ON MILITARY
COMPENSATION
STANDARDS OF OFFICIAL
CONDUCT
ASSISTANT REGIONAL WHIP

Congress of the United States
House of Representatives
Washington, D.C. 20515

1976 SEP 27

September 27, 1976

1527 LONGWORTH HOUSE
OFFICE BUILDING
WASHINGTON, D.C. 20515
TELEPHONE (202) 225-3665

DISTRICT OFFICES:
319 NORTH MAIN STREET
HERKIMER, NEW YORK 13350
(315) 866-1051

100 WEST MAIN STREET
JOHNSTOWN, NEW YORK 12095
(518) 762-4508

200 CHURCH STREET
ROME, NEW YORK 13440
(315) 339-0013
(MON-WED-FRI)

6 STEUBEN PARK
UTICA, NEW YORK 13501
(315) 724-9302

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

Dear Jim:

I need your help in a hurry! On Saturday, October 9th, I am scheduled to address a session of the National Association of Development Organizations' Convention in New Orleans on the subject: "The Future of the Economic Development Administration Should President Ford Be Re-Elected on November 2nd."

A colleague from the Senate Public Works Committee will address the subject from the Carter point of view. NADO has more than 300 members who are activists at the local level in the direction of economic development activities partially financed by the U.S. Department of Commerce's Economic Development Administration. As we all know, these people are leaders and opinion molders in their respective areas.

Don Mitchell has been a strong supporter of EDA since coming to Congress because he knows of the fine work it is making possible in the 31st District of New York in connection with advancing projects and programs important to the economic development of this distressed area. There should not be any doubt in anyone's mind that Congress in general is supportive of EDA but there has been doubt on the Administration's position.

Can you give me something that I can use at the NADO Conference that would be a plus for the President? I don't want these people supporting the other guy with the thought that he will be better for them because he would strengthen EDA while the President, if elected, would not give full support to the Agency. In effect, I want to be an Ambassador of good will for the President and would appreciate any information your staff might be able to provide to help me do an effective job.

Sincerely,

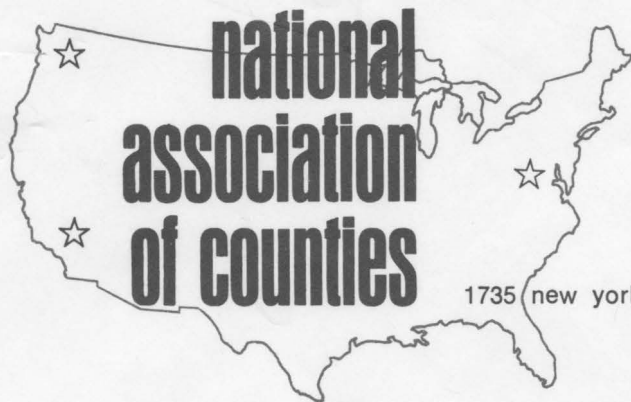
Sherwood L. Boehlert

Sherwood L. Boehlert
Executive Assistant



SLB:p

092816



1735 new york avenue, n.w., washington, d.c. 20006

CC: Rle
McCarthy

1976 SEP 28 PM 12 20
(202) 785-9577

September 28, 1976

MEMORANDUM

TO: Jim Cannon, Assistant to the President for Domestic Affairs
FROM: Bernard F. Hillenbrand, Executive Director
SUBJECT: Signing the Public Works Jobs Appropriations Bill



Jim, it is absolutely urgent that you get the contents and thrust of this letter into the hands of President Ford before he makes a final decision on the signing of the \$3.7 billion Appropriations Bill for the Public Works Employment Act.

These comments are based upon an infinite number of conversations with more than 650 elected and appointed policy making officials who are in town today (and yesterday) for NACo's Federal Aid Briefing.

The thrust is simply this. If the President vetoes the appropriations bill it will cause massive unhappiness in communities across the nation. Remember that although there are \$2 billion in public works funds available under this bill there may be in excess of ten times that number of projects for which funding is to be requested.

This means that in community after community the officials will make public their request for funding for libraries; school additions; fire stations; hospital renovations; highways; sewer systems; and other badly needed community projects.

With a veto will come instant recognition that hopes for these much needed public works (with their accompanying jobs) will be down the tube.

It is also vital for the President to be reminded that counties (and cities too) are under desperate financial pressures. The Countercyclical antirecession program is their only means to avoid layoffs, cut services or increased taxes.

We can virtually guarantee to the President that if he vetoes the Public Works Appropriations bill public officials will be pointing the finger. This will almost certainly occur before the election.

President Ford could well be blamed for those public employees layoffs plus the continuing criticism of the unusually high unemployment rates in private sector of the construction industry.

Jim, the President has made his point very well that he wants a balanced budget through reduced federal expenditures. He has, however, an out in that the bill's

MEMORANDUM

September 28, 1976

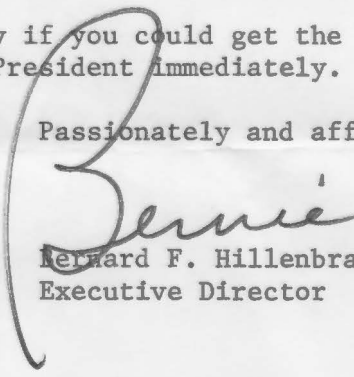
Page Two

funding is within the congressionally determined budget resolution.

We think that based on our discussions with these 650 officials at our meeting, together with the many thousands of other calls since the authorization bill's passage, that the President is in for very severe political troubles if he vetoes this bill.

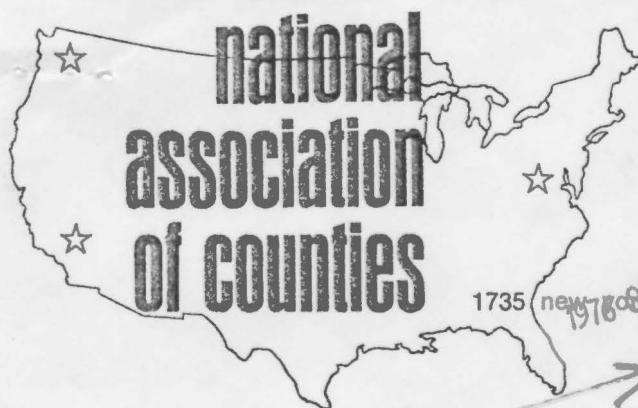
We would appreciate it very greatly if you could get the contents and meaning of this letter into the hands of the President immediately.

Passionately and affectionately yours,


Bernard F. Hillenbrand
Executive Director

BFH:mht





1735 new york avenue, n.w., washington, d.c. 20006

(202) 785-9577

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Steve - Rji CC: file Mr. Carney

September 28, 1976

I can't help but
concur with this letter
It speaks for itself!



MEMORANDUM

September 28, 1976

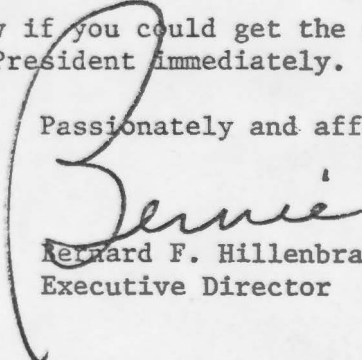
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Passionately and affectionately yours,


Bernard F. Hillenbrand
Executive Director

BFH:mht



Public Works

THE WHITE HOUSE
WASHINGTON

September 28, 1976

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

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

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

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

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

Attached is a suggested draft signing statement.



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

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

I said then and I still believe that the best and most effective way to create new jobs is to pursue balanced economic policies that encourage the growth of the private sector without risking a new round of inflation.

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

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

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

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

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

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

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: September 28, 1976

Time:

FOR ACTION:

Phil Buchen

Jack Marsh

Jim Cannon

Bill Seidman

Max Friedersdorf

Alan Greenspan

cc (for information): Dave Gergen
1976 SEP 29 9 34 AM

FROM THE STAFF SECRETARY

DUE: Date: Quick Turnaround - need by Time: 2 P.M. TODAY

SUBJECT:

Jim Lynn memo 9/28/76 re
Public Works Appropriations Bill

ACTION REQUESTED:

___ For Necessary Action

X For Your Recommendations

___ Prepare Agenda and Brief

___ Draft Reply

X For Your Comments

___ Draft Remarks

REMARKS:

file

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Jim Connor
For the President 092803



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

September 28, 1976

ACTION

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

I. ISSUE

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

II. BACKGROUND

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

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

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

III. OPTIONS

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

PRO

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

CON

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

PRO

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

CON

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

IV. RECOMMENDATION

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

Approve _____ Disapprove _____

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



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

8-31-76

ACTION

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

I. BACKGROUND

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

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

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

II. OPTIONS

The two basic options are:

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

Option #1. Veto the bill

PRO

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

CON

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

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

Option #2. Sign the Bill

PRO

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

CON

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

III. RECOMMENDATION

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

THE WHITE HOUSE
WASHINGTON

9/28/76

TO: JIM CAVANAUGH

FROM: JIM CANNON/kb

Moot. The President said to Bipartisan Leaders this morning that he will let the Congress know tomorrow whether he will sign or veto the bill.

Since Congress will be out of session 10/8, the bill cannot become law without the President's signature.

THE WHITE HOUSE
WASHINGTON

DATE: September 27, 1976

TO: JIM CANNON

FROM: JIM CAVANAUGH

SUBJ: Reminder on Attached

FYI

ACTION

9/28/76
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A.M.
TO MOOT.
BIPARTISAN
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THE WHITE HOUSE
WASHINGTON

September 16, 1976 6 58

MEMORANDUM FOR: JIM CANNON
FROM: JIM CAVANAUGH
SUBJECT: Study on Public Works Bill

As you know, there was considerable discussion this morning at the EPB meeting with the President on the Public Works Bill. During the meeting with the President on Saturday, September 4, there was some consideration given to letting this legislation become law without signature. It's my recollection that you were going to have this researched by the Counsel's Office to see what the precedent was and whether President Ford has done this in the past and if so, how often.

Have they completed that study yet?



ACTION

THE WHITE HOUSE
WASHINGTON
September 30, 1976

Last Day: October 8

MEMORANDUM FOR

THE PRESIDENT

FROM:

JIM CANNON

SUBJECT:

H.R. 15194-Public Works
Employment Appropriations Act

Attached for your consideration is H.R. 15194, sponsored by Representative Mahon.

The enrolled bill appropriates a total of \$3,732,433,000 in new budget authority for certain activities of the Department of Commerce (Economic Development Administration), the Department of the Treasury (Office of Revenue Sharing), and the Environmental Protection Agency.

A detailed discussion of the provisions of the enrolled bill is provided in Jim Lynn's memorandum at Tab A.

OMB, Max Friedersdorf, Counsel's Office (Kilberg), Bill Seidman and I recommend that you sign H.R. 15194 and issue the attached signing statement which has been cleared by the White House Editorial Office (Smith).

RECOMMENDATION

That you sign H.R. 15194 at Tab B.

That you approve the signing statement at Tab C.

Approve _____

Disapprove _____

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

I continue to have deep reservations concerning measures such as this that are designed to stimulate employment at the unacceptably high cost of \$25,000 per job and only after a considerable delay in time.

I believe that this legislation unnecessarily risks our battle against inflation. If inflation is rekindled, it will be due in part to measures such as this which destroy jobs instead of creating them.

I reiterate today my belief that tax reductions -- giving the taxpayer greater spending choices -- would be a far better way to stimulate employment. It is for this reason that I proposed a \$10 billion tax cut last January.

The Congress did not act on my program to reduce taxes. Instead, the Congress has chosen an approach that increases Government spending.

However, we have debated this legislation for many months and the positions of the Congress and myself are well known. The Congress has overridden my veto of the authorizing legislation and overwhelmingly approved the necessary appropriation. *In accordance with that clear Congressional* ~~Therefore,~~ *man* I am signing this bill.

OCTOBER 2, 1976

Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

I have signed H.R. 15194, the Public Works Employment Appropriations Act of 1976.

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

I said then, and I still believe, that the best and most effective way to create new jobs is to pursue balanced economic policies that encourage the growth of the private sector without risking a new round of inflation.

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

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

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

I am therefore signing H.R. 15194 and directing the appropriate departments of this Administration to make, over the next year, a careful month-by-month audit of expenditures under this Appropriation to determine just how many jobs are created, how much it costs the taxpayer to create each job, and just what impact there is on inflation.

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