

PUBLIC WORKS ACCELERATION ACT—VETO MESSAGE

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

RETURNING

WITHOUT APPROVAL THE BILL (S. 575) ENTITLED "TO EXTEND THE PUBLIC WORKS ACCELERATION ACT, THE PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT OF 1965, AND THE APPALACHIAN REGIONAL DEVELOPMENT ACT OF 1965."

JUNE 29, 1971.—Read and ordered to be printed

To the Senate of the United States:

Expansion of job opportunities for those presently unemployed is one of this administration's highest priorities. Measures to expand job opportunities must be effective; they must hold real promise of providing the jobs when they are needed, where they are needed, for the persons who most need them.

In recent weeks, the Congress has acted on two measures which seek to achieve the same goal of job creation through two quite different approaches.

One meets the test. Another does not. I hope the two Houses of Congress will soon vote final passage of the Emergency Employment Act of 1971 (S. 31), on which the conference committee has now completed its report, which would create new job opportunities in the public sector. However, I am returning without my approval S. 575, which among its other provisions would attempt to deal with unemployment through a \$2 billion program of accelerated public works.

The administration has been working closely with Congressional leaders on the Emergency Employment Act of 1971 in an effort to ensure its adoption in a form permitting States and localities to move quickly, and on a sound and responsible basis, to create new job opportunities in the public sector. In the form agreed to by the Confer-

ence Committee, it would do so. Like the provision for 200,000 public service jobs in the welfare reform bill passed by the House, it would mark a useful addition to the existing programs—including Operation Mainstream and the administration's own Public Service Careers program—which are currently providing public service job opportunities for the unemployed.

In December of last year I disapproved a manpower measure passed by the Congress, because in the form in which it was passed it would have created dead-end jobs amounting to a system of permanent subsidized public employment. However, I have made it clear that the administration considers that our unmet needs in the public sector provide an opportunity to combat joblessness by bringing unemployed men and women into the labor force in selected areas and appropriate circumstances. We have stressed one key point: that these created jobs must be *transitional*—that is, they must be a bridge to permanent, productive jobs, not a substitute for them.

The action taken thus far this year by the Congress on the Emergency Employment Act of 1971 deals effectively with these concerns. Public employment is defined as “transitional.” It is targeted on locally-supported jobs of proven need. Moreover, the bill, as it has been agreed to in Conference, would be limited to two years and would be triggered when national unemployment exceeds 4.5%.

I am particularly gratified that the Emergency Employment Act as currently drawn extends special consideration to recent veterans. The level of unemployment among veterans who have served their country so well and so bravely is unconscionable. The Emergency Employment Act would be an installment on repaying the debt that we owe them.

Furthermore, leaders in both bodies of the Congress have indicated that, as soon as action on the Emergency Employment Act of 1971 is completed, they will move with dispatch to hold hearings, and then make every effort to obtain favorable action on broader manpower reform legislation this year. They will include in these deliberations the administration's proposal for Manpower Special Revenue Sharing.

In terms of its capacity for generating new jobs quickly, the accelerated public works approach—as embodied in S. 575—at best comes out a poor and distant second. Among its deficiencies are these:

Construction projects have notoriously long lead times. Experience under the original Public Works Acceleration Act of 1962 demonstrates that spending—and hence job creation—under this bill would not become fully effective for at least 18 months at which time further stimulation would be unnecessary and inflationary. Only about 10 percent of the funds would be likely to be spent within the next twelve months. It therefore would not even make a real start on delivering on its implied promise of jobs now, when jobs are needed.

It would have little effect in reducing joblessness in the areas where it is now most concentrated. The Vietnam Veteran, the unskilled youth, and other persons unemployed because of lack of training or opportunity would have little chance of securing a job on one of these projects.

Rather than helping the broad spectrum of the presently unemployed, the impact of the bill would focus primarily on the construction industry which already has experienced rapid cost inflation. In no other industry have wage increases been higher. Increases in that

industry have affected collective bargaining elsewhere, thus further fueling inflation in the overall economy.

Because the accelerated public works program has been conceived of as an emergency measure, with an implied promise of quick approvals and a broad scattering of the benefits, insistent demands could be expected for marginal, hurriedly planned, environmentally damaging and uncoordinated projects.

Finally, false hopes would be created in many communities, and this administration does not wish to be a party to these misleading impressions. The previous Accelerated Public Works program resulted in applications for nearly double the amount of funds available despite early efforts to discourage requests. On the basis of these expectations, communities deferred locally funded projects. Therefore, the net economic impact in many communities was, actually, a delay in needed public works projects.

In addition to accelerated public works, S. 575 also extends—by Title II—the Public Works and Economic Development Act of 1965 until June 30, 1973, and extends—by Title III—the Appalachian Regional Development Act to June 30, 1975. I agree that our present economic development programs should be extended while the Congress is considering my revenue sharing proposals. But most importantly, the Congress must act immediately to insure that there is no gap in service to the people in Appalachia and in the economically depressed areas served by EDA. In this connection, I am pleased to note that the House has already provided for the temporary continuance of these programs until new legislation can be enacted. I urge the Senate to do likewise.

I know the problems of these areas. I met with the Appalachian Governors last year for a full half day to discuss the best ways in which we could meet the needs of the people of Appalachia. When I met with the Governors of Virginia, West Virginia, and Kentucky last week, I emphasized that even if I would have to veto the Accelerated Public Works bill, I support the Appalachian program 100 percent.

The Appalachian Regional Commission has been a very useful experimental development program which can be improved upon and can serve in many respects as a model for a national program. This is essentially what I have done in proposing to the Congress Rural and Urban Community Development Revenue Sharing. The record of the Appalachian Regional Commission goes a long way in proving that State and local governments do have the capacity to make revenue sharing work.

The revenue sharing proposals will insure that States and localities will get their fair share of the funds automatically without having to play grantsmanship games. Furthermore, those proposals would eliminate Federal red tape and local share requirements. State and local officials could more quickly provide public projects which are most responsive to local needs. The gap between Federal resources and local needs would be bridged in a way that would strengthen State and local responsibilities and decision-making. These proposals deal with problems which simply will not yield to the old approaches, no matter how they are reworked or expanded. I again urge upon the Congress the early enactment of my revenue sharing programs.

Meanwhile, as a means of providing additional jobs now, the public service jobs approach as it has emerged in the Emergency Employment Act of 1971 is clearly a better answer than the Accelerated Public Works program.

Public sector jobs are labor-intensive: a high proportion of Federal appropriations under that bill would flow into direct wages and salaries for new employees. In community service activities such as environmental protection, health and sanitation, unemployed persons can be put to work rapidly. No long lead time is required for complicated engineering studies.

On the other hand our experience during the early 1960s clearly shows that accelerated public works is a costly and time-consuming method of putting unemployed persons to work. Even the bill's strongest proponents recognize that public works programs are not people-intensive, but money-intensive.

The job of the administration, indeed of any administration, is to search out the best ways to deal with the problems and needs of the Nation. We need more jobs. A bill to do this directly and *now*, when the jobs are needed, is clearly the best answer.

RICHARD NIXON.

THE WHITE HOUSE, *June 29, 1971.*

NINETY-SECOND CONGRESS OF THE UNITED STATES OF AMERICA, AT THE FIRST SESSION, BEGUN AND HELD AT THE CITY OF WASHINGTON ON THURSDAY, THE TWENTY-FIRST DAY OF JANUARY, ONE THOUSAND NINE HUNDRED AND SEVENTY-ONE

AN ACT To extend the Public Works Acceleration Act, the Public Works and Economic Development Act of 1965, and the Appalachian Regional Development Act of 1965

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

TITLE I—PUBLIC WORKS ACCELERATION ACT

SEC. 101. This title may be cited as the "Public Works Acceleration Act Amendments of 1971".

SEC. 102. The Public Works Acceleration Act (42 U.S.C. 2641 et seq.) is amended as follows:

(1) Clause (1) of section 2(a) is amended to read as follows: "(1) certain communities and areas in the Nation are presently burdened by substantial unemployment and underemployment resulting from the economic decline of 1970, and".

(2) Subsection (b) of section 2 is amended to read as follows:

"(b) Congress further finds that Federal assistance to stimulate public works investment in order to increase employment opportunities is most urgently needed in those areas, both urban and rural, suffering persistent or substantial unemployment or underemployment."

(3) Subsection (a) of section 3 is amended to read as follows:

"(a) For the purposes of this section, the term 'eligible area' means—

"(1) those areas designated by the Secretary of Commerce as "redevelopment areas" or as "economic development centers" for the purpose of the Public Works and Economic Development Act of 1965, and those areas designated by such Secretary under section 102 of such Act.

"(2) those areas which the Secretary of Labor designates each month as having been areas of substantial unemployment for at least six of the preceding twelve months.

"(3) those areas which the Secretary of Labor designates each month as areas having an average rate of unemployment of veterans who served on