

VETO OF H.R. 5922

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

VETOING

H.R. 5922, AN ACT MAKING URGENT SUPPLEMENTAL APPROPRIATIONS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1982, AND FOR OTHER PURPOSES



JUNE 24, 1982.—Message and accompanying act, referred to the Committee on Appropriations and ordered to be printed

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To the House of Representatives:

Today I am returning to the House of Representatives, without my approval, H.R. 5922, an act providing supplemental appropriations for several Federal programs in urgent need of additional funds in Fiscal Year 1982. Unfortunately, in addition to providing the urgent supplemental appropriations requested by the Administration, the Congress has added other unrequested, non-urgent funds that would increase the 1983 deficit by \$1.3 billion and would add at least \$5 billion to Federal spending in the next few years. The bill also establishes a housing subsidy program that sets a bad precedent for other Federal programs. For these reasons, I cannot approve this legislation. I urge the Congress to act quickly to send me a clean bill for signature containing only those items urgently needed to continue 1982 activities.

I share the heartfelt Congressional concerns about the particular problems confronting the housing industry. But we will not promote a housing recovery by going even deeper in debt. More red ink spending will only make the housing recession worse.

It is my belief this bill will do little to increase construction of new housing; most of the aid will go for homes that would be built and purchased anyway. The bill does not increase available financing, but shifts funds to housing that would otherwise be used by, and create jobs in, other sectors of the economy. My concern also is that the bill would add to the Federal deficit and generate upward pressures on interest rates—aggravating the very situation it seeks to help.

Furthermore, we cannot justify singling out one industry for special relief. The recession and high interest rates have created hardship and unemployment for farmers, small businesses, the thrift industry, automobile manufacturers and dealers and many others. This Government must convince a skeptical country—the business community, taxpayers, investors and workers—that lasting recovery is a fundamental commitment that will not be derailed by a return to excessive Federal spending and borrowing.

My Administration has taken a number of steps to remove tax, regulatory and administrative burdens on housing finance and construction. We have proposed legislation to extend Federal Housing Administration insurance to a number of innovative mortgage financing instruments to encourage private market use of these flexible instruments. We have removed regulatory restrictions limiting the use of pension funds in mortgage credit markets. We have provided an additional \$3.4 billion of subsidized housing funds in 1982 to allow up to 70,000 additional units of new rental housing for low income households to begin construction this summer. We are revising our

regulations on the use of tax exempt financing for housing to allow states and localities to use this financing vehicle to the full extent authorized by the Congress.

More fundamentally, we have established a long-term program designed to provide incentives and to create conditions for sustained non-inflationary economic recovery. That recovery is getting underway. Housing permits have risen in six of the last seven months and are now 31 percent above their October low. Housing starts rose by 22 percent in May and are 27 percent above their October low. The key to sustaining this upturn is lower interest rates. This, in turn, depends on public confidence that the Congress will control Federal spending and reduce Federal deficits—thus leaving an adequate supply of funds for housing and business investment.

In addition to the housing proposal, there are several other provisions in this act that I urge the Congress to delete. The urgent supplemental legislation is the first significant spending measure in this session of Congress. It is essential that this act be a clear example of the willingness of the Congress to join with me in holding the line and establishing meaningful control over all Federal spending programs. I must ask that supplemental appropriations in excess of the proposals I have indicated to be urgent requests be pared back to the maximum extent feasible. Some of these unrequested supplemental funds include:

- \$150 million for the GNMA special assistance function (“tandem”) program;
- \$62 million for the postal service;
- \$58 million for the WIN program; and
- other unrequested funds for Federal aid to highways, flood control programs of the Corps of Engineers, and a number of smaller HHS programs.

The bill also includes several undesirable language provisions restricting, in varying degrees, the Executive Branch from exercising its authority to allocate funds appropriated by Congress. The most notable among these are:

- language mandating the modernization of 5,073 public housing units, extending the time period for completion of the construction of certain HUD subsidized housing projects to 24 months, and precluding HUD from applying cost containment procedures to such projects.
- language mandating minimum spending levels for certain NASA programs that will severely disrupt two important scientific missions and lead to the waste of more than \$150 million; and
- language mandating new construction on starts for the Soil Conservation Service.

Therefore, I am returning H.R. 5922 without approval and urge the Congress to enact immediately a 1982 supplemental appropriations bill

that addresses only those items I have indicated need urgent attention and excludes these objectionable additions. I look forward to prompt Congressional action on a revised bill which will assure continuity in the operations of Federal agencies and be consistent with continued progress toward economic recovery.

RONALD REAGAN.

THE WHITE HOUSE, *June 24, 1982.*