

General agreement was reached on:

1. Objective to get people to work and establish a normal level of employment.

2. A five-year program, should not be announced. Upper limit of expenditure should be included in annual budget without positive estimates beyond one year.

3. Agreement should be had with labor (a) that wage rates on Federal, state and local government projects should be less than that paid by private industry in order to prevent government competition with private industry: (b) labor should also agree not to raise wages during period when large government expenditures for construction are being made.

There was considerable discussion regarding the questions of reducing construction costs and wages and means of providing for expenditures by local governments which are now in financial difficulties, etc.

4. Projects should not be self-liquidating to the Treasury. Self-liquidating projects would compete with private industry.

5. There should be three classes or types of expenditures:

(1) Federal - construction projects which serve a very useful purpose which would not be undertaken by private industry - a direct Federal expenditure not self-liquidating.

(2) State and local government expenditures - to be stimulated by a bonus sufficiently large to induce rapid expenditure.

(3) Private construction to be stimulated by a bonus large enough to induce rapid expansion of private construction.

Top limit of expenditures:

Mr. Eccles: no limit in principal - recovery will bring balanced budget.

Mr. Bell: limit amount - budget must show improved position over a year ago - this determining upper limit of amount to be expended for construction.

Mr. Viner: same as Mr. Bell except President should be given power to take care of any increase in relief expenditures by means of a discretionary sales tax.

Mr. Gaston: limit amount - deficit $3\frac{1}{2}$ billion dollars plus recoverables.

Mr. Coolidge: limit amount - deficit 3 billion - not more than 2 million in relief and construction bonuses, one million for recoverable loans.

No limit in principle - however, he recognized that funds would have to be appropriated in definite amount for any fiscal year. The objective he felt should be to spend as much as can be done soundly and efficiently, which would probably be between four to five billions within the year, depending upon the amount of totally paid-for Federal projects and the amount of private and municipal projects induced by subsidies.

GEORGE:

I wish to have the above substituted for that which appears on the sheet sent in to me.

M.S.E.