



FOR RELEASE UPON DELIVERY

Expected at 9:30 a.m.

September 24, 1980

STATEMENT OF THE HONORABLE G. WILLIAM MILLER  
SECRETARY OF THE TREASURY  
BEFORE THE  
GENERAL OVERSIGHT AND RENEGOTIATION SUBCOMMITTEE  
OF THE  
HOUSE COMMITTEE ON BANKING, FINANCE, AND URBAN AFFAIRS

Mr. Chairman and Members of this distinguished Subcommittee:

Thank you for this opportunity to testify on H.R. 7902, a bill introduced by Chairman Minish to establish a National Development Bank. I welcome Congressional consideration of the national challenge to revitalize our economy and I want to commend Chairman Minish for introducing H.R. 7902, a valuable initiative in the needed discussion of the specific ways the Federal Government can help in the process. I know others in Congress, such as Congressman Moorhead, have demonstrated a keen interest in the issues surrounding a development bank and I wish to recognize their continuing efforts as well.

H.R. 7902 would grant a new National Development Bank broad powers to provide Federal financing assistance for:

- Establishment and expansion of businesses and industries;
- Public facilities for State and local governments; and
- Job training for unemployed and underemployed workers.

The goal of the legislation is to help achieve a full employment economy and the criteria for assistance in the Bill reflect this goal.

M-674

Administration's Record

As you know, the Administration has substantially increased the Federal government's support for economic development and job training programs for the purpose of providing permanent private sector jobs. And, in fact, in the last three and a half years, we have witnessed the creation of over 8 million new jobs.

In FY 1980, for example, overall funding for economic development programs will exceed \$3.5 billion -- an increase of 70 percent since the President took office. This amount includes the Administration's new \$675 million Urban Development Action Grant (UDAG) program, designed to stimulate private investment in distressed areas. In addition, the amount of funds to assist small business has almost doubled.

As you know, the Administration proposed expanding the Economic Development Administration's program to \$1.7 billion in FY 1981 from \$600 million in FY 1980. Last week a House Senate Conference stopped action on the proposal. The Administration remains committed to an expansion in economic development programs and we will continue to work with the Congress to achieve this goal.

The Administration has also worked to reinforce the link between job training and economic development. Federal funding for employment and training has expanded over \$4 billion during the past 3-1/2 years to about \$10.4 billion in FY 1980. This expansion includes spending for basic and vocational education, for CETA programs to prepare the disadvantaged for jobs, and for other CETA programs.

In addition, FY 1980 spending, including training and relocation for workers affected by imports, has increased to about \$1 billion under the Trade Adjustment Assistance Program.

Finally, as I know you are aware, the Administration's \$2 billion youth initiative, H.R. 6711, has passed the House and is expected to be favorably reported by the Senate Committee later this week. This program would expand the eligibility for, and range of education services and employment training provided to, youths that are economically disadvantaged or have substantial difficulty in obtaining or holding jobs.

### The President's Economic Revitalization Program

Nevertheless, the speed and scale of economic change requires that we do more. Recognizing this, the President last month announced a comprehensive economic revitalization program to expand our economic resources and enable American workers to participate in the renewal of our industrial might.

The President's program addresses the complex and interrelated problems facing American industry and provides specific recommendations to help solve these problems. The program is designed to stimulate new private and public sector investment to create more private sector jobs. Like H.R. 7902, the President's program recognizes the Federal government's responsibility to assist in training and retraining Americans to help them participate in our economic renewal.

Among the proposals contained in the President's economic revitalization program are initiatives to assist people and communities suffering the effects of economic dislocation, proposals to increase public investment, and an increase in revenue sharing targeted to assist distressed areas during their economic transition.

To assist in the training, retraining, and education of Americans, the program's proposals include:

1. Demonstration projects to look at new ways to retrain and relocate displaced workers;
2. Broadening the Trade Adjustment Assistance Program to supplier industries; and
3. A 13 week extension of unemployment benefits for workers suffering continued unemployment.

To help communities adjust to the trauma of economic change, the President is seeking:

1. An increase in the economic development program level of \$1 billion in 1981 and an additional \$2 billion in 1982 beyond the level requested in the Administration's EDA proposal;

2. Substantial additional public investment in all areas of transportation, including increased funding for highways, mass transit, airports, railroads, and port facilities;
3. A special targeted investment tax credit, in addition to the regular 10 percent investment credit, for business projects in localities with high unemployment; and
4. Enactment of a \$1 billion countercyclical revenue sharing program for FY 1981 targeted to economically distressed areas.

#### The Economic Revitalization Board

A key element of the President's program is the Economic Revitalization Board. The Board will consist of members from industry, labor and the public, and will be co-chaired by Mr. Irving Shapiro, Chairman of E.I. DuPont, and Mr. Lane Kirkland, President of the AFL/CIO. The creation of this group represents a major step towards the cooperative effort we want to foster between business, labor, the public and government. We must all work together to develop institutions and approaches to deal with the fundamental economic challenges facing our society.

The President has asked this Board, as its priority item, to address the creation of an industrial development authority and to provide us its judgment on the issues that the Administration as well as the Congress has been looking at over the last several years. The fundamental ideas behind such a new authority are, I believe, reflected in H.R. 7902.

The President has asked the Board, in the context of the present economic environment and the President's program, to develop recommendations regarding the mission of the authority, the criteria it would employ in providing assistance, ways it could coordinate economic development, manpower and urban initiatives and thus maximize the impact of existing public programs and stimulate additional private investment, and methods to increase local economic development capacity and promote regional development programs.

In addition to issues surrounding the establishment of an industrial development authority, the President

will ask the Board to recommend ways to improve the skills of American workers, methods to deal with the impact of industrial dislocation on workers and communities and how to accomplish the social goals of regulation while minimizing compliance costs and maximizing productivity.

We believe that this Board, with its distinguished membership, working with the Administration and Congress, can help us develop the direction in which we should move.

Thus, while we support the intent of H.R. 7902, we believe that the Subcommittee and the Administration would benefit from having the views of the Economic Revitalization Board before taking Congressional action on the Bill. I look forward to appearing before Congress after the Board has presented its recommendations to the President.

Mr. Chairman, I would be pleased to answer any questions.

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