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THE WHITE HOUSE  
WASHINGTON

March 25, 1975

CABINET MEETING

Wednesday, March 26, 1975  
2:00 p.m. (90 minutes)  
The Cabinet Room

From: James E. Connor *Jel*

I. BACKGROUND, PARTICIPANTS & PRESS PLAN

1. Background:

You last met with the Cabinet on March 12th when the agenda covered a review of the Clemency Board's personnel needs, a report from the Vice President on the Rule 22 situation, a report from Secretary Butz on food prices, and discussion of the catalytic converter.

2. Participants: Attached at Tab A

3. Press Plan: Press Photo at Beginning of Meeting and David Kennerly Photo.



II. TALKING POINTS

1. Our agenda this afternoon covers several different items. Before we begin I want to welcome John Dunlop to his first Cabinet meeting.
2. John Tabor is sitting in as Acting Secretary of Commerce and we welcome him.
3. John Whitaker is sitting in for Rog Morton. We're glad to see you back at work, John.
4. Henry Kissinger returned over the weekend from the Middle East. I've asked him to brief you on his mission.

5. I'm sure all of you are aware of the growing interest in representing consumer interests in the government. I'd like Jim Cannon to brief us on the status of the legislation. Jim...

I think that we must examine our responses to this legislation carefully. Jim Cannon will be talking with each of you during the next two weeks to get your suggestions. I want us to be ready to discuss responses at the next Cabinet meeting.

6. I saw an article in Saturday's newspaper indicating that not much progress has been made on inflation impact statements which I directed be prepared last year. I've asked Jim Lynn to give us a report on what is happening. Jim...

I'm concerned by what appears to be a weak response to our Executive Order.

Congress is rumbling about writing some legislation to mandate economic impact statements. This could result in a much more cumbersome and centralized system than is desirable or necessary.

The importance of understanding the indirect economic costs of government is something that came up at our last Cabinet meeting when we discussed truck brake regulations and the catalytic converter. I expect OMB to be on top of this program, and I expect all Cabinet departments to be in compliance by April 1st with the procedures which OMB and the Council on Wage and Price Stability have established.

Are there any comments?

7. I understand from Jack Marsh that some problems have arisen with the approach used by the Senate Budget Committee in calling witnesses. Jack, would you explain the situation? (Jack Marsh's memo to you is attached at TAB B.)

Jim Schlesinger and Jim Lynn have had some experience with the Committee. What's your impression Jim Schlesinger? Jim Lynn?

I think it's important that we discourage the move to mingle Administration and outside witnesses. If asked to testify before the Senate Budget Committee you should inquire about the witness arrangements. If you have any doubts about whether you should appear, I want you to check with Jack Marsh or Max Friedersdorf.

8. I want to make a few comments before we close on the ways in which I'd like to use my Cabinet officers.

It goes without saying that I expect each of you to manage your departments effectively and to advise me in your particular areas of responsibility.

But I'm also looking for more than that. Each of you is more than a narrow specialist. Ed Levi, for example, is as experienced in higher education as any man in the country. Carla Hills has a broad and deep legal background. I want to be able to use all of you in ways that cut across your departmental lines. That includes discussions within the Cabinet as well as on an individual basis on policy task forces and meetings within the White House.

During the next several weeks I want each of you to think about how we might more effectively use the Cabinet. I've asked Jim Connor to talk with each of you about it, and I'd like to raise the issue for discussion at a Cabinet meeting in the near future.







CABINET MEETING  
Wednesday, March 26, 1975  
Attendees

The President

(Note: The Vice President will be attending King Faisal's funeral in Saudia Arabia)

Secretary of State Henry Kissinger

Secretary of the Treasury William Simon

Secretary of Defense James Schlesinger

The Attorney General Edward Levi

Secretary of Agriculture Earl Butz

Secretary of Labor John Dunlop

Secretary of Health, Education and Welfare Caspar Weinberger

Secretary of Housing and Urban Development Carla Hills

Secretary of Transportation William Coleman

The Acting Secretary of the Interior John Whitaker (for Secretary Morton who is out of the city this week)

The Acting Secretary of Commerce John Tabor (Secretary Dent will have been sworn in as Special Trade Representative this morning, March 26th)

The Counsel to the President Philip Buchen

The Counsellor to the President John Marsh

The Counsellor to the President Robert Hartmann

The Assistant to the President Donald Rumsfeld

The Director of the Office of Management and Budget James Lynn

The Ambassador to the United Nations John Scali

White House/Executive Office:

Mr. William Baroody

Mr. James Cannon

Mr. Richard Cheney

Dr. James Connor

Mr. Max Friedersdorf

Mr. Alan Greenspan

Mrs. Virginia Knauer

Mr. Ronald Nessen

Gen. Brent Scowcroft

Mr. William Seidman

Agencies:

Mr. Russell Train, EPA

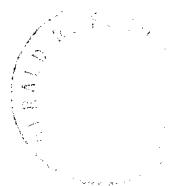
Mr. Frank Zarb, FEA

Other:

Mrs. Mary Louise Smith, Republican National Committee



*B*



THE WHITE HOUSE

WASHINGTON

March 25, 1975

MEMORANDUM FOR: THE PRESIDENT

FROM: JACK MARSH

SUBJECT: Cabinet Discussion -- Senate Budget Committee

Attached is an excellent summary of the hearings procedures before the Senate Budget Committee which was prepared by Pat O'Donnell. This is a matter that will be discussed in the Cabinet meeting.

I particularly direct your attention to Items 6 and 9 on page 2.

There are two issues involved. First, the use of informal seminar-type forum. And secondly, a joint appearance by an Administration official with an outside expert.

My recommendation would be that we go along with the seminar format, but resist joint appearances with outside witnesses. If the seminar format should become troublesome, then I think we should try to negotiate some changes. However, there does not seem to be too much objection to this.

As a practical matter, the hearings for this year have been concluded, but we should develop a policy for the future.

I suggest a policy against joint appearances with outside witnesses on an Administration-wide basis for all witnesses. A Sub-Cabinet officer has less stature to resist this arrangement than a Cabinet officer. The chance of his testimony being damaged by an adverse expert witness is probably greater than a Cabinet officer.

I recommend the following:

1. Advise the Cabinet officers of this practice.



2. Establish a policy against joint appearance with outside witnesses.

I suggest inputs from the following persons in the Cabinet meeting:

1. Jim Schlesinger
2. Jim Lynn
3. Jack Marsh



THE WHITE HOUSE

WASHINGTON

March 25, 1975

MEMORANDUM TO: JOHN O. MARSH, JR.  
THROUGH: MAX FRIEDERSDORF *M.F.*  
FROM: PATRICK E. O'DONNELL *P.O.*  
SUBJECT: Senate Budget Committee Hearing Format

Following discussions with Staff Director Doug Bennett, Minority Director Bob Boyd, and other interested parties, I offer the following observations on the new seminar hearing format utilized by the Senate Budget Committee.

1. The round table, give-and-take session approach evolved as a result of the budget committee's mandate to broadly review general economic and fiscal policy.
2. The seminar format reflects the committee staff's belief in innovation. According to Bennett, the format is designed to avoid the adversary atmosphere that usually takes over at formal hearings. It is everyone's hope that the seminars promote non-partisanship.
3. The committee unanimously decided that informal seminars between committee members and groups of experts on various policy matters will also be more worthwhile from a substantive standpoint than the traditionally formal hearings of the past.
4. The committee held five days of hearings in December on general policy. Further seminars were conducted throughout February and March.

5. Although Jim Lynn and Alan Greenspan have appeared before the committee under the seminar format, they were not confronted with independent experts who were likely to challenge their positions or rationale.
6. The first potential confrontation took place last Friday (March 21) when Secretary Schlesinger was to appear with Charles Schultz. The Secretary objected and the committee in turn agreed to hold an informal session without Schultz' simultaneous participation.

Incidentally, I am told that Schlesinger's main objection was based on a fear that he would be setting a dangerous precedent for the Executive branch. Some Republican committee members have remarked, however, that Schlesinger's objectives would have been well-served by an appearance with Schultz, who is considered by most to be responsible in the articulation of his views.

7. Although the media (TV) people were unhappy with the new format, they have come around to agreeing that the potential for grand-standing is much decreased and that they can achieve much better footage substance by lack of procedural formalities.
8. Media and membership are also in agreement that the potential exchange of information is greater than when individual senators were propounding questions from the dais during formal proceedings. Incidentally, the committee members no longer sit by political party. Proponents feel the chemistry for such an arrangement is very good.
9. The Republicans, however, are keenly aware of the potential problem this presents the Executive branch and suggest that we demand carefully defined guidelines before agreeing to testify. They stress the importance of adequate prenotification and painstaking care to allow participation only of well-qualified and responsible experts who will avoid the temptation to "showboat" or degrade the committee's integrity by shallow theatrics.



In short, the general consensus is that the format is not intended as a potential embarrassment for Administration witnesses and that it can be used to our advantage if we demand firm ground rules.

The committee has pretty much finished its hearings for this year; they are aiming for mark-up on April 8 and 9 and introduction of the concurrent resolution on April 14.





THE WHITE HOUSE

WASHINGTON

CABINET MEETING

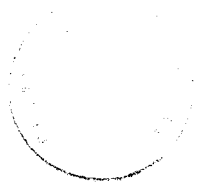
Wednesday, March 26, 1975

2:00 p.m.

From: James E. Connor

TALKING POINTS - INSERT

Fred Dent is here today with us in his new capacity as Special Representative for Trade Negotiations. Several of you were at his swearing in this morning. I know all of you join me in wishing Fred well in his new position.



4/61

CABINET MEETING

Wednesday, March 26, 1975

2:00 P.M.



THE PRESIDENT HAS SEEN

*df*

*Project: 2:00 Wednesday 26<sup>th</sup>  
separate memo*

THE WHITE HOUSE  
WASHINGTON

SCHEDULE PROPOSAL  
DATE: March 21, 1975  
FROM: Jim Cannon  
VIA: Warren Rustand

MEETING: Special Cabinet Meeting to discuss  
the Cabinet's role in improving public  
and consumer access to Federal agencies

DATE: Tuesday or Wednesday, March 25 or 26

PURPOSE: To launch major program to more clearly  
identify the President with the Consumer  
issue (see other suggested events at  
Tab A)

FORMAT: Location: Cabinet Room

Participants: Members of the Cabinet  
and Senior White House  
Staff, and Virginia Knauer

Length of Meeting: 45 minutes

SPEECH MATERIAL: Talking points to be prepared

PRESS COVERAGE: To be announced; photo opportunity

BACKGROUND: This event was discussed with the  
President at a meeting on consumer issues  
two weeks ago

RECOMMEND: Jim Cannon  
Jack Marsh  
Bill Baroody  
Jim Lynn  
Bill Seidman



\_\_\_\_\_ APPROVE                      \_\_\_\_\_ DISAPPROVE

THE WHITE HOUSE

WASHINGTON

INFORMATION

March 14, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: JIM CANNON

SUBJECT: Plans for Presenting Your Consumer Policies

Following our Tuesday meeting with you we have drawn up a tentative plan to present and focus attention upon your consumer policies.

SUMMARY

The general policy outline we have followed is that you are opposed to establishing an independent consumer agency. A Consumer Protection Agency (CPA) would be a new program not only at a time when your Administration is trying to cut the size of the Federal Government, but also at a time when you are trying to reform Federal regulatory activity.

What you are proposing, instead, is a Regulatory Review Commission to study Federal regulatory activity. Included in this review would be the extent to which consumer interests are considered in Government regulation. Simultaneously you will be proposing specific regulatory reforms that could be undertaken immediately.

Furthermore, you feel that the existing structures of the Executive branch are adequate to protect consumer interests. But to see that they are fully represented in each department you will be requesting that certain additional measures be undertaken by the Cabinet.

Together the following activities would give visibility to each aspect of your consumer policy and publicly position you as a consumer advocate.





## OUTLINE OF POSSIBLE CONSUMER ACTIVITY

Senate floor action on a CPA bill is scheduled for the week after Easter. Most of this activity would be in that week.

- Presidential Letters to Chairmen of House and Senate Committees Considering CPA

These letters would outline your reasons for opposing a CPA, your general consumer philosophy, and note that you intend to undertake certain consumer-oriented measures within the Executive branch.

- Presidential Speech on Consumerism

In a public speech you would discuss your consumer policies and your views on the appropriate Federal role in protecting consumer interests.

- Message to Congress on Regulatory Reform

You would send a special message to Congress that would resubmit your proposal for a Regulatory Review Commission and transmit reforms for immediate action such as surface transportation, repeal of fair trade laws, etc.

A White House press briefing would coincide with the message.

- Swearing-In of New Members on National Consumer Advisory Council

New members of the National Consumer Advisory Council will soon be announced. Many national consumer leaders are in this group; Virginia Knauer is executive director. You could swear the members in and speak briefly at that meeting of the Council.

- Discussion of Consumer Policies at Cabinet Meeting

You would tell the Cabinet of your consumer policies and discuss with them how they could better include consumers in their decisions. You would ask them to hold public hearings and meetings with consumer representatives even when not required by law before taking final action in areas of consumer interest.

