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THE WHITE HOUSE
WASHINGTON

May 28, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

JAMES T. LYNN

FROM:

JAMES E. CONNOR *JE*

The attached article was returned in the President's outbox with the request that it be given to you personally.

Please note the notation:

"Can we do something?"

Please follow-up with appropriate action.

cc: Dick Cheney

INMENT - REGULATING?

*Can we
do something?*

\$40 billion for paper work

It looks a little like the white runner they roll down the aisle for the bride to walk on.

Actually it's an 80-foot-long "carpet" of all the forms that must be filled out to get a Federal Housing Administration loan on a single-family home.

"I was going to cut it up and use it as wallpaper covering," says Housing and Urban Development (HUD) Assistant Secretary David S. Cook, who assembled the more than 50 forms on a piece of light cloth.

His agency is working hard to reduce the total number. "I believe one of the most important words in government ought to be 'empathy,'" Mr. Cook says.

However, instead of keeping the collection, he has decided to turn it over to the 14-member government Commission on Federal Paperwork (CFP) where it is being treated as a prize exhibit.

Armed with the knowledge that over the last 10 years the volume of federal paperwork has doubled and now costs \$40 billion a year to print, fill in, process, and file, the commission has the job of recommending to Congress by October, 1977, specific ways in which the paper work burden can be lifted.

"There's a lot of waste and a lot of inefficiency in government, but you can't get rid of it all overnight," says Rep. Frank Horton (R) of New York, commission chairman. "You have to take it a piece at a time."

The commission is conducting a series of hearings around the country. It welcomes letters and form samples with specific details as to why and how much of a burden paperwork imposes.

For researching and combating the paper problem by generating even more paper of its own, the commission has taken no small amount of ribbing.

Spokesman Jim Stiner stresses that reports and press releases cover two sides of every piece of paper and are purposely kept brief: "We keep it down just as much as we can."

One group taking an especially strong interest in the problem is the national Chamber of Commerce. It is passing along paper-work problems from its 59,000 members to the commission.

Some disgruntled businessmen suggest making overhead costs of government-imposed paper work tax deductible. A pile

of blue forms was sent in by a small importer who complains of "harassment" from the Labor Department for not filling them in fast enough.

Paper work commission officials are convinced that one of the worst examples is the daily log in which every 15 minutes must be accounted for by all interstate truckers and mailed in to their home offices weekly.

An end-to-end stretch of one year's worth of these logs would go around the world twice, according to commission calculators.

The purpose is to comply with a 1939 Federal Highway Administration law which requires truckers to take a rest after so many hours of driving. Yet the commission notes that only 125 FHA inspectors are on the job, and no regular review is prescribed.

"We think there has to be a better way to accomplish the same goal," says the commission's Mr. Stiner.

One Georgian told the commission his application for a Small Business Administration loan weighed in at seven pounds.

The commission's main accomplishment to date is getting action on a paperwork reform first recommended by the second Hoover Commission in the 1950s: reducing the Internal Revenue Service wage-reporting requirement for employers from four times to once a year. With that shift, which becomes effective in January, 1978, the government will save an estimated \$20 million and business an estimated \$250 million a year.

Cost is a major factor in the growing paper work burden. Finding it would cost \$45,000 to draw up the papers needed for a \$60,000 consumer-education grant, for instance, the State of Maryland deferred. Tennessee has told the commission its annual expenses related to federal health-care forms amount to \$24 million or \$4 extra per patient per day. One Chicago businessman paid \$1,800 to outside consultants just to interpret federal job-safety rules.

Many of the administrative, statistical, and regulatory requirements can be traced straight back to Capitol Hill. Some have suggested a "paper-work-impact statement" as a solution.

- L. M.

An 80-foot ribbon of forms — that must be filled out before an FHA loan can be granted — stretches toward Washington Monument

By R. Norman Matheny, staff photographer

find the ceiling removed, they decreed then wear earmuffs and that the end for any violations.

problems of conflict and the costs in General Elmer B. Staats says: "One need is an administrative mechanism make these judgments outside the

no interagency body watching for con- regulations as they come out, but Diane Steed says, "We're looking at might be done."

Congress is considering a wide variety of reforms in addition to specific transportation legislation.

Sen. Charles H. Percy (R) of Illinois and Sen. Robert C. Byrd (D) of West Virginia, for instance, have a bill which would examine 35 regulating agencies by function over the next five years to decide coordination, revamping, or scrapping. The bill has a series of built-in deadlines, to "force" Congress to act.

President Ford has recently proposed a regulatory reform bill which the Illinois Senator terms "remarkably similar."

Another measure sponsored by Sen. Robert Taft Jr. (R)

of Ohio would put judicial, licensing, and rulemaking functions of the powerful regulatory agencies into a new administrative law office, leaving the agencies with the standard-setting role alone.

Some on Capitol Hill and elsewhere are actively exploring the idea of alternatives to regulation, such as taxes or subsidies on gas consumption, auto emissions, and even job injuries as ways of achieving the same goal.

Tuesday: Some signs of progress in the fight against waste.

BIG GOVERNMENT TOO MUCH

Is taxpayers' money being wasted by excessive regulation of airlines, trucks, railroads, and other industries by Washington? How much could be saved by cutting down? What can Congress do to hold the line?

By Lucia Mouat
Staff correspondent of
The Christian Science Monitor

Washington

As Armco Steel Corporation figures it, the air around its Kansas City plant is 1.8 pounds an hour dirtier just because the corporation is cleaning it up to meet federal regulations.

To capture visible iron-oxide dust, it installed scrubbing equipment. However, the giant electric motor powering it is pouring out invisible sulfur and nitrogen oxides at an even faster rate than the other pollutant is being absorbed, officials say.

The Ohio-based corporation makes the claim — questioned by local Environmental Protection Agency officials — to show what it says is the effect of just one of the string of government regulations with which it must comply.

It says it must get licenses or permits from at least 379 federal, state, and local agencies and submit reports to another 1,245. Its corporate financial department must deal with 308 separate agencies.

(EPA officials say that emissions from the scrubber motors are dispersed through stacks several hundred feet high, whereas the iron oxide is produced at ground level, and that it is not really possible to compare the motor emissions with the iron oxide, since the sulfur and nitrogens are mixed in with water vapor and carbon dioxide, which are relatively harmless.)

Yet the company sticks to its central point — and gives another example: recently it found that it was spending \$1,200 to prepare reports needed to accompany a special state tax on heavy trucks at one plant. But the total tax amounted to only about \$10 (for incidental use by the trucks of state roads around the plant; the trucks mainly used company roads inside the plant). So the company offered a flat fee of \$25 to end the high paper work expense. The offer, the company says, was rejected.

Voices of skepticism heard

Vice-president Sam MacMullan says he has heard plenty of "words" about possible trims in such governmental red tape, but so far "things aren't getting any better."

"I'm not sure what I'd do if I were sitting in the government's chair, but from here it seems to be a plethora of reporting requirements," says Armco spokesman Don Easterly, who says he questions how much "useful" information many such government regulations really provide.

Businesses across the country are complaining that growing government regulation is costing them endless time and

Regulations pour out by the thousands every year from roughly 100 agencies manned by 100,000 employees at the federal level alone. They dictate everything from the width of stairways and the size of lettering on exit signs to installation of car safety-belt buzzers and posting of warning signs at the top of swimming-pool slides.

It is all even more costly for the general public, which not only pays an estimated \$60 billion to \$130 billion more on goods and services but also pays the governmental-support costs as taxpayers.

In many ways, however, it is the nation's small businesses which are hit hardest by government regulation. Each of the more than 13 million of them, including farmers, must fill out an average of 50 federal forms a year to meet government requirements.

One victory of sorts came recently when the Department of Labor and the Internal Revenue Service agreed to trim the federal paper work required for private pension plans from 26 pages back to 8 pages. However, "this is still an issue," insists one Senate source.

Bipartisan support in Congress

The current effort to streamline regulatory procedures and lift them altogether in certain areas has strong bipartisan support in Congress. For that reason it is seen as one of the most promising areas for progress in the push for smaller, more efficient government.

Although many businesses would like wholesale removal

'Put in an acoustical ceiling to cut down noise,' a federal job-safety agency ordered a Virginia poultry processor.

He did.

'Take out that ceiling — it's a sanitation hazard,' said Agriculture Department inspectors.

He did.

'No ceiling? Then make your workers wear earmuffs, or you'll be fined,' said the job-safety people.

He did.

of so-called "welfare" regulations (safety, health, and environment) which account for about half of all regulatory costs, they are likely to get only procedural improvements. The serious talk of deregulation is focused on the economic area — particularly in transportation — where many government officials and politicians feel that the consumer would clearly benefit.

They argue that in many cases what began as consumer protection has evolved into industry protection. They reason that transportation prices for people and products could be far cheaper and efficiencies greater if lively competition were allowed to replace federal regulation in the airline, trucking, and rail industries.

While there is some talk of abolishing the Civil Aeronautics

WASTE IN WASHINGTON—4

ics Board (CAB) and the Interstate Commerce Commission, most of the proposals now under consideration would simply limit agency powers in certain areas.

Airline bills backed by the Ford administration and Sen. Edward M. Kennedy (D) of Massachusetts, for instance, differ in the speed and rate of change they would allow, but both basically call for more passenger fares and routes to be set by the free market.

Most airlines, though not the CAB itself, are adamantly against a change. They argue the result would be chaos. The larger airlines would dominate the markets. There would be higher fares and loss of service for less-profitable areas where traffic is light, the airlines say.

United Airlines has urged a two-year fare trial in which prices would be allowed to go 15 percent above or below a certain point on routes of the line's own choosing.

While such major changes may take time — one Senate source calls their forward motion "glacial" — procedural streamlining (a change virtually everyone agrees has been badly needed) is already well under way in many areas.

Much of it is self-initiated. The CAB, for instance, has in recent months clamped down on fare increases (which had become almost automatic, in the view of many), allowed discount fares to be reintroduced, and liberalized charter-flight rules.

Similarly the Occupational Safety and Health Administration (OSHA), a powerful agency and a frequent target of business complaints to Congress, recently announced a new effort to draw more labor, public, and business thinking into the job-safety standards it sets.

More streamlining and flexibility are needed.

If military food purchasers, for instance, were to drop their stringent 50-percent-pork and 50-percent-beef ingredient requirement for frankfurters in favor of the commercial all-meat standard (more flexibly allowing up to 70 percent of whichever of the two meats is cheaper), some \$400,000 a year could be saved, according to one recent General Accounting Office (GAO) study.

Questioning of Defense urged

Noting that it took some 25 years to get any change in the military services' coffee standard (a costly blend of 70 percent Brazilian and 30 percent Colombian coffees) the GAO has urged Congress to question the Department of Defense about its rationale for holding to "rigid" food specifications.

Sen. William Proxmire (D) of Wisconsin recently pointed to a 48-page sheaf of proposed specifications for Navy oil cans. He called it a "perfect" example of overspecification that "scares" off small contractors and inflates prices.

Overlapping and conflicting regulations also continue. One Virginia poultry processor was told by OSHA to put in an acoustical ceiling to lower the noise level. Later when Department of Agriculture inspectors saw the ceiling, they ordered it removed for sanitation reasons. When OSHA in-