

The original documents are located in Box 10, folder “Consumer Consumer Protection Agency - Administration Plan (1)” of the John Marsh Files at the Gerald R. Ford Presidential Library.

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[3/75]

D R A F TTO : GOVERNMENT OPERATIONS COMMITTEE

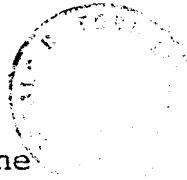
Representative Jack Brooks
Representative Frank Horton
Senator Abraham Ribicoff
Senator Charles Percy

Dear (_____):

In the interest of protecting the American consumer, I have today directed a comprehensive review of all Executive Department procedures to make certain that consumer interests receive full consideration in all government actions and decisions.

To be frank, the interests of consumers have not always been adequately considered by Federal departments and agencies.

This must be changed. Therefore, I have asked each member of the Cabinet to examine his department's activities and give me a report, by May 1, 1975, on the following:

1. What mechanisms to support consumer interest are in operation in the department now.
 2. What additional measures to protect the consumer ^{do you recommend} ~~are to~~ be undertaken.
A
 3. What regulatory reforms may be required..
- 

In order to make certain that the views of consumers and other public interest groups may be included in this review, I have suggested that each Cabinet Officer hold appropriate public hearings so that all points of view may be presented and considered.

The proposals received from the Executive Departments will be published, and public comment solicited before new departmental procedures to protect the public interest are established.

In any broad consideration of protecting the consumer there is no more important factor than outdated regulatory practices - which we all know have sometimes lead to higher prices and reduced services.

Regulatory reform is the heart of consumer protection and it was for this reason that I sent to Congress legislation to establish a regulatory review commission. I would urge the Congress to consider and pass this legislation.

I am also asking the Chairman and Members of the independent regulatory agencies to meet with me to seek their suggestions and discuss ways by which we can make immediate improvements in the regulatory process so that the public will receive the most efficient and effective public service at the least cost.

In view of the steps that are being taken by the Executive Department to make government-wide improvements in the quality of service to the consumer, I am requesting that the Congress postpone further action on S.200, which would create a new federal agency for consumer advocacy.

I fully agree with the objectives of this Bill and other legislation designed to protect and serve the interests of consumers. However, I do not believe that we need yet another Federal bureaucracy, in Washington and throughout the country, with its attendant costs of \$60 million for the first 3 years and some 600 additional Federal employees.

At a time when we are trying to cut down on both the size and the cost of government, it would be unsound to add another layer of bureaucracy instead of improving the underlying structure. What we need is better administration of existing structures.

Moreover, I am deeply concerned about the extensive powers that would be given to the proposed Agency for Consumer Advocacy, which could intervene in the work of any federal, state, or local department or agency, and in the operations of private business firms.

Although the purpose of this new federal agency would be to protect the consumers, the practical effect for any company could well be to raise costs and prices to the consumer.

It is my conviction that the best way to protect the consumer is to improve the existing institutions of government, not to add more government.

I look forward to working with you, the members of your Committee, and the Congress in advancing the interests of all consumers within our existing departments and agencies.

[3/75]

TO: GOVERNMENT OPERATIONS COMMITTEES

Representative Jack Brooks
Representative Frank Horton
Senator Abraham Ribicoff
Senator Charles Percy

Dear (_____):

In the interest of protecting the American consumer, I have today directed my Cabinet, in coordination with the Domestic Council, to review executive department procedures to make certain that consumer interests receive full consideration in all Government actions.

To be frank, the interests of consumers have not always been adequately considered by Federal departments and agencies. This must be changed. Therefore, I have asked each member of the Cabinet to examine his department's activities and to prepare options for discussion at the next Cabinet meeting of proposed changes to meet the enlightened needs of our consuming public.

In examining our present procedures, this review will seek to identify areas in which the following strong principles of this Administration are not being adequately met:

First, that all consumer interests receive a fair chance for a hearing in the government decision-making processes.

- Second, that whenever possible, the costs and administrative requirements of Federal rules and regulations on the private sector be minimized.
- And third, that Federal regulatory actions be initiated only when necessary to safeguard the health and safety of the public or to facilitate the operation of the market system.

In order to make certain that the views of consumers and other public interest groups may be included in this review, I have suggested that each Cabinet officer hold appropriate public hearings so that all points of view and all proposals may be presented and considered.

In any broad consideration of protecting the consumer there is no more important factor than outdated regulatory practices -- which lead to higher prices and reduced services.

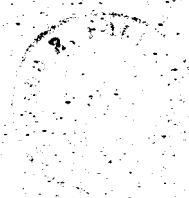


Regulatory reform is very important for consumer protection. I urge the Congress to consider and pass the legislation which I submitted in January to establish a Regulatory Review Commission.

I am also asking the chairmen and members of the independent regulatory agencies to meet with me. I intend to ask for their suggestions and to discuss ways we can make immediate improvements in the regulatory process. I am determined that the public will receive the most efficient and effective public service at the least cost.

In view of the steps that are being taken by the executive department to make Government-wide improvements in the quality of service to the consumer, I am requesting that the Congress postpone further action on S. 200, which would create a new Federal agency for consumer advocacy.

I do not believe that we need yet another Federal bureaucracy in Washington, with all of its attendant costs, in order to achieve better consumer representation and protection in Government. At a time when we are trying to cut down on both the size and the cost of Government, it would be unsound to add another layer of bureaucracy instead of improving the underlying structure.



S. 200 also places an over-reliance on extensive adjudicatory proceedings. It is my view that such an approach will result in unnecessary litigation, delays in enforcement, and a drain on judicial resources. What is needed is not a new specialized agency, but a means of representing the interests of consumers as part of the routine functioning of the entire government. Finally, I believe that a new agency cannot adequately represent the many different interests of millions of American consumers. Nor is it reasonable or fair to propose that, in creating such an agency, some major elements of our society such as labor be excluded from coverage.

Although the purpose of this new Federal agency would be to protect the consumers, the practical effect could well be to raise costs and prices to consumers.

It is my conviction that the best way to protect the consumer is to improve the existing institutions of government, not to add more government.

I look forward to working with you, the members of your Committee, and the Congress in advancing the interests of all consumers within our existing departments and agencies.

March 25, 1975

MEMORANDUM FOR: DICK CHENEY
 JIM CONNOR
 JIM LYNN
 PAUL O'NEILL
 DON RUMSFELD

FROM: JACK MARSH

Please note the attached draft of a proposed letter from the President to certain members of Congress in reference to the Consumer Protection Agency which he expects to discuss in the Cabinet meeting tomorrow.

Are the requirements imposed on the Cabinet officers set out on pages one and two realistic and workable?

I also call to you attention the proposal in reference to the independent regulatory agency which reflects the discussion with the President on this matter.

I would appreciate your comments and suggestions.

JOM/dl



THE WHITE HOUSE

WASHINGTON

March 25, 1975

Jack --

Jim Cannon did not like the Baroody shop letter either.

He has completely redone it and, in my opinion, it is a far better product.

Cannon's letter is posed of an affirmative thrust in first telling what this Administration proposes to do in terms of additional consumer protection and then follows up with a dismemberment of S. 200. I believe it is a far more attractive communication.

Cannon is running it by Baroody et. al. for their comments.

Russ



D R A F T

TO : GOVERNMENT OPERATIONS COMMITTEE

Representative Jack Brooks
Representative Frank Horton
Senator Abraham Ribicoff
Senator Charles Percy

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To be frank, the interests of consumers have not always been adequately considered by Federal departments and agencies.

This must be changed. Therefore, I have asked each member of the Cabinet to examine his department's activities and give me a report, by May 1, 1975, on the following:

1. What mechanisms to support consumer interest are in operation in the department now.
2. What additional measures to protect the consumer ^{do you recommend} ~~are to~~ be undertaken.
3. What regulatory reforms may be required..

In order to make certain that the views of consumers and other public interest groups may be included in this review, I have suggested that each Cabinet Officer hold appropriate public hearings so that all points of view may be presented and considered.

The proposals received from the Executive Departments will be published, and public comment solicited before new departmental procedures to protect the public interest are established.

In any broad consideration of protecting the consumer there is no more important factor than out-dated regulatory practices - which we all know have sometimes lead to higher prices and reduced services.

Regulatory reform is the heart of consumer protection and it was for this reason that I sent to Congress legislation to establish a regulatory review commission. I would urge the Congress to consider and pass this legislation.

I am also asking the Chairman and Members of the independent regulatory agencies to meet with me to seek their suggestions and discuss ways by which we can make immediate improvements in the regulatory process so that the public will receive the most efficient and effective public service at the least cost.

In view of the steps that are being taken by the Executive Department to make government-wide improvements in the quality of service to the consumer, I am requesting that the Congress postpone further action on S.200, which would create a new federal agency for consumer advocacy.

I fully agree with the objectives of this Bill and other legislation designed to protect and serve the interests of consumers. However, I do not believe that we need yet another Federal bureaucracy, in Washington and throughout the country, with its attendant costs of \$60 million for the first 3 years and some 600 additional Federal employees.

At a time when we are trying to cut down on both the size and the cost of government, it would be unsound to add another layer of bureaucracy instead of improving the underlying structure. What we need is better administration of existing structures.

Moreover, I am deeply concerned about the extensive powers that would be given to the proposed Agency for Consumer Advocacy, which could intervene in the work of any federal, state, or local department or agency, and in the operations of private business firms.

Although the purpose of this new federal agency would be to protect the consumers, the practical effect for any company could well be to raise costs and prices to the consumer.

It is my conviction that the best way to protect the consumer is to improve the existing institutions of government, not to add more government.

I look forward to working with you, the members of your Committee, and the Congress in advancing the interests of all consumers within our existing departments and agencies.

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: March 24, 1975

Time: 12:30 pm

FOR ACTION: Jack Marsh ✓
Bill Seidman
Jim Lynn
Ken Lazarus

cc (for information): Bill Baroody
Max Friedersdorf
Paul O'Neill
Warren Hendriks
Jim Cavanaugh

FROM THE STAFF SECRETARY

DUE: Date: Monday, March 24

Time: 5:00pm

SUBJECT:

1. Draft Presidential letter to key Congressional members outlining consumer program
2. Draft outline of Presidential talking points for Wednesday Cabinet meeting

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren W. Hendriks
For the President

THE WHITE HOUSE
WASHINGTON

Dear _____

I have carefully considered the desirability of S. 200 and related legislative proposals to establish a Consumer Protection Agency. I take this opportunity to set forth the principal bases for my view that, however fetching these proposals may appear at first glance, as currently drafted they are not responsive to the truly enlightened needs of the public.

My first difficulty with these measures arises not from the objective of assuring representation of the consumer's interest in the decisionmaking process -- with which I agree -- but from the assumption that this requires the creation of yet another Federal bureaucracy in Washington with all of its attendant costs, and without correcting the defects in existing institutions that are the real essence of the problem. At a time when we are trying to cut down on both the size and the cost of government, it would be unsound to proceed further with this process of adding new layers of bureaucracy instead of correcting the defective structure underneath. What is needed is not a specialized, outside agency, but a means of representing the interests of consumers as part of the routine functioning of the entire government.

[OPTIONAL INSERT:

I do not believe that any new outside agency can adequately represent the myriad of interests that constitutes the consumer interest of all Americans. Nor is it reasonable or fair to propose that, in creating such an agency, some major elements of our society be excluded from coverage.]

A second defect of these proposals is their over-reliance on full-dress adjudicatory proceedings. It is my view that such an approach will ultimately result in unnecessary litigation, delays in enforcement and a drain on judicial resources. A more realistic approach would lie in the pursuit of ~~some~~ ~~minimum notion~~ of due process for the consumer viewpoint within the existing institutions of government. Given the virtual explosion of Federal litigation in recent years, these concerns are not chimerical and, in my opinion, should be addressed directly by the Judiciary Committees of both Houses.



omit

imaginary

reasons

attractive

real

unwise

What I propose instead is a comprehensive review and reform of our existing institutions in order to institute procedures that will assure the consideration of consumer and other public interest viewpoints in governmental action.

The greatest need is to assure that the consumer viewpoint is represented and given a chance to participate at all significant stages of the decisionmaking process. A preliminary review of the problem indicates that this can be accomplished through a variety of possible means including:

First, through the expanded use of hearing procedures designed to give all viewpoints a fair chance to be represented. To assure that this is a just and efficient process, expedited intra-agency appeal processes could be established in all appropriate agencies.

Second, for those instances in which hearing procedures are not practical I am considering the establishment of a certification requirement. This would require that all policy recommendations to the head of a department or agency, and to the President, be accompanied by a certification by the official making the recommendations that he has solicited and considered the views of all interested parties, including those representing consumer interests.

Third, by utilizing an existing, professional representative of consumer interests on a much broader scale as an advocate of consumer interests, both in formal court and hearing proceedings and in the informal councils of government. The Antitrust Division of the Department of Justice has always been an advocate of consumer interests. In recent years, it has increasingly ventured beyond its minimum law enforcement duties to argue the virtues of competition -- which, after all, is the best consumer protection -- in agency hearings and within the councils of government. And even more recently it has established a consumer protection unit which has the authority to enforce a number of consumer protection statutes. Consideration should be given to proposals to enlarge and broaden the charter of this unit to provide a full spectrum of consumer advocacy functions.

Fourth, the independent regulatory agencies, too, must be exposed to a more systematic presentation of consumer viewpoints and to take account of them in their decisions. As I recommended last October, I strongly believe that the Congress and the executive branch should move to establish a Regulatory

Reform Commission. In the context of other needed reforms this Commission would review the various alternatives for improving the protection of consumer interests. Furthermore, I will be meeting shortly with the chairmen and members of the independent regulatory agencies to discuss with them the need for greater consumer representation in their proceedings.

The proposals recited above are only illustrative of reforms that can be wrought to meet the needs of our consuming public. I have today instructed my Cabinet to report to me within 30 days on proposed changes in their own departments and agencies to implement these principles and other possible innovations. Further, my Administration will publish these proposals and accept public comments before putting them into effect. Finally, I have requested James Cannon, Director of the Domestic Council, to compile the Cabinet's recommendations for any needed legislative changes which I shall propose to the Congress within 60 days.

I am hopeful that the Congress will postpone further action on S. 200 and related proposals pending completion of this effort.

Sincerely,

OUTLINE OF PROPOSED PRESIDENTIAL TALKING POINTS
FOR CABINET MEETING

March 26, 1975

I. INTRODUCTORY NOTE:

A. In recent years, there has developed a dramatically increased concern with enhancing the power of the consumer in the marketplace and in the halls of government.

B. A modest view of the concept of "consumer advocacy" would require expanded opportunities for the presentation of consumer viewpoints in the decision-making processes of Government.

C. An extreme view of the concept would question the role of Government officials as the people's final consumer advocate and resort to full-dress adjudicatory proceedings in order to litigate the interests of consumer groups.

II. PENDING LEGISLATION:

A. The Congress currently is considering a number of legislative proposals to create an independent Consumer Protection Agency.

B. The principal legislative proposal (S. 200 by Senator Ribicoff) raises three major areas of concern:

1. The measure would create yet another unnecessary Federal bureaucracy with all of its attendant costs.

2. In seeking to protect the interests of consumers, the bill places an over-reliance on full-dress, adjudicatory proceedings which ~~will~~ result in unnecessary litigation, delays in enforcement and a drain on judicial resources.

3. It would do nothing to correct the deficiencies in existing institutions of government that are the essence of the problem.

III. RESPONSIBLE ALTERNATIVES:

A. Rather than creating new institutions, Government must correct the defects in existing institutions in order to make them responsive to the enlightened needs of consumers.

B. The most efficient and effective way to meet the needs of consumers is within existing institutions, and with a minimum of full-dress adjudicatory proceedings. What we need most are fast, effective procedures to assure some minimum form of due process for the consumer viewpoint.

C. Consistent with these ground rules, consumer advances can be made on three fronts:

1. The procedures of Government departments and agencies can be thoroughly reviewed in order to fashion new procedures and remedies for consumers which allow for an effective redress of their grievances.
2. In appropriate situations, existing executive agencies can be utilized to enhance the representation of consumer interests.
3. The operations of the independent regulatory agencies should be reconsidered with a view toward remedial legislative proposals.

IV. PROGRAM DEVELOPMENT:

A. Within thirty (30) days, members of the Cabinet will be expected to present a comprehensive report on steps which can be taken to enhance the rights of consumers within their respective departments and agencies.

B. Remedies should be tailored to meet the needs of consumers. Consideration should be given to the following:

1. An expanded use of agency hearings which could allow consumer groups to confront the views of other organizations on a public record.

2. An intra-agency review procedure relative to issues of concern to consumers which would provide an avenue of informal appeal.

3. A certification procedure that would require agency heads to attest to the consideration of consumer views prior to the exercise of their discretionary powers.

C. One possibility for increasing the role of active executive agencies in support of consumer interests can be found in a special section of the Antitrust Division of the Department of Justice which is devoted exclusively to consumer protection with broad authority. The Attorney General should consider expanding the charter, size and funding of this unit.

D. Each Cabinet member should meet with Mrs. Knauer to discuss the results of a study reviewing the effectiveness of Government responsiveness to consumer complaints.

E. In the course of developing a series of options to improve the role of the consumer in Governmental operations, care should be taken to solicit the views of the various consumer interests groups on the scope and nature of suggested remedies. Public hearings by each department on its proposed plans should be held.

F. A meeting will be held after the Easter recess in the East Room with the chairmen and members of the independent regulatory agencies to discuss how these agencies can better consider consumer views. Appropriate Members of Congress will also be present.

G. James Cannon, Director of the Domestic Council, is designated coordinator of this effort. Additionally, he will coordinate any necessary requests for legislative action within a period of sixty (60) days.

H. Each Cabinet member should speak out about the problems of setting up an independent consumer agency while also pointing out the steps his/her department is doing to improve consumer representation.

THE WHITE HOUSE

WASHINGTON

March 25, 1975

MEMORANDUM FOR: JOHN MARSH
THRU: MAX FRIEDERSDORF *M.G.*
FROM: VERN LOEN *VL*
SUBJECT: Consumer Protection Agency

The House Government Operations Committee is awaiting Senate action before moving on several ~~major~~ measures pending before its committee:

H. R. 1266 - by Delaney (D-NY) - passed House in 92nd Congress

H. R. 1183 - by Wydler (R-NY) - passed House in 93rd Congress

H. R. 1942 - by Matzunaga (D-Hawaii) - passed House in 93rd Congress

H. R. 2709 - by Patten (D-NJ) - unanalysed as yet

Chairman Brooks has not introduced a bill of his own as yet, nor has Frank Horton, ranking GOP.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

LOG NO.:

due
2/25

Date: March 25, 1975

Time: 4:00pm

FOR ACTION: Bill Baroody
Max Friedersdorf
Jack Marsh
Ken Lazarus
Paul O'Neill

cc (for information): Jim Cannon
Jim Cavanaugh
Dick Dunham
Warren Hendriks

FROM THE STAFF SECRETARY

DUE: Date: Tuesday, March 25

Time: 6:00pm

SUBJECT:

Revised Presidential letter on consumer protection

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks

TO: GOVERNMENT OPERATIONS COMMITTEE

Representative Jack Brooks
Representative Frank Horton
Senator Abraham Ribicoff
Senator Charles Percy

Dear (_____):

In the interest of protecting the American consumer, I have today directed a comprehensive review of all executive department procedures to make certain that consumer interests receive full consideration in all Government actions and decisions.

To be frank, the interests of consumers have not always been adequately considered by Federal departments and agencies.

This must be changed. Therefore, I have asked each member of the Cabinet to examine his department's activities and to give me a report, by May 1, 1975, on the following:

1. What mechanisms to support consumer interest are in operation in the department now.
2. What additional measures to protect the consumer are to be undertaken.
3. What regulatory reforms may be required.

In order to make certain that the views of consumers and other public interest groups may be included in this review, I have suggested that each Cabinet officer hold appropriate public hearings so that all points of view and all proposals may be presented and considered.



The proposals received from the executive departments will be published, and public comment solicited before new departmental procedures to protect the public interest are established.

In any broad consideration of protecting the consumer there is no more important factor than outdated regulatory practices- which lead to higher prices and reduced services.

Regulatory reform is very important for consumer protection. I urge the Congress to consider and pass the legislation which I submitted in January to establish a Regulatory Review Commisison.

I am also asking the chairmen and members of the independent regulatory agencies to meet with me. I intend to ask for their suggestions and to discuss ways we can make immediate improvements in the regulatory process. I am determined that the public will receive the most efficient and effective public service at the least cost.

In view of the steps that are being taken by the executive department to make Government-wide improvements in the quality of service to the consumer, I am requesting that the Congress postpone further action on S.200, which would create a new Federal agency for consumer advocacy.

I do not believe that we need yet another Federal bureaucracy, in Washington and throughout the country, with its attendant costs of \$60 million for the first three years and hundreds of additional Federal employees to achieve better consumer representation and protection in Government.

At a time when we are trying to cut down on both the size and the cost of Government, it would be unsound to add another layer of bureaucracy instead of improving the underlying structure. What we need is better administration of existing structures.

Although the purpose of this new Federal agency would be to protect the consumers, the practical effect could well be to raise costs and prices to consumers.

It is my conviction that the best way to protect the consumer is to improve the existing institutions of government, not to add more government.

I look forward to working with you, the members of your Committee, and the Congress in advancing the interests of all consumers within our existing departments and agencies.

THE WHITE HOUSE
WASHINGTON

March 24, 1975

MEMORANDUM FOR: L. WILLIAM SEIDMAN
FROM: S. JOHN BYINGTON
SUBJECT: Attached Material for Cabinet Meeting and Needed Decisions and Actions

I. Draft of Agenda

-- when and if approved should be sent with copy of President's letter to Congress to each Cabinet Secretary. The letter to Congress is still in clearing process.

II. Action Plan (draft)

-- for use by Jim Cannon. A copy of the final document should be distributed to participants at the meeting.

III. Possible Executive Branch Consumer Activities

-- for use by Virginia Knauer. After approval should be made into chart and copies available to participants.

IV. Press Briefing After Cabinet Meeting

-- should there be a briefing, and
-- who should participate, and
-- what, if anything, should be distributed.

THE PRESIDENT

MAR 25 1974

Background remarks and brief overview

1. Growing concern for the consumer
2. Perceived flaws in government consideration of consumer interests
3. Various possible remedies
 - a) CPA legislation -- his views/letter
 - b) Administration alternatives
4. We need a full discussion and examination -- I want each of you to review your Department's procedures, come up with ideas, recommendations.
5. Turn it over to Cannon

JIM CANNON

-- (5 minutes)

1. Call attention to Presidential letter
2. Regulatory Reform as an Administration consumer initiative
 - a) Regulatory Reform Commission
 - b) Message on governmental reform
3. Review Action Plan & Schedule of Events
4. Call on Virginia Knauer and then Jack Marsh

VIRGINIA KNAUER

-- (5 minutes)

1. Possible ways to implement the Action Plan -- show chart
2. What is happening -- what could be done

JACK MARSH

-- (5 minutes)

1. Prospects for S. 200 in the Senate
2. Timetable of legislative events
3. Necessity for coordination between Action Plan & Cabinet, on one hand, and legislative strategy, on other.



ACTION PLAN
FOR
ENHANCED CONSUMER REPRESENTATION IN EXECUTIVE BRANCH

I. Objective

To take an inventory of existing consumer programs and determine what actions should be taken to enhance consumer representation within the Executive Branch.

II. Plan

During April

1. Each Cabinet Officer will conduct a comprehensive survey of the existing mechanism for consumer representation.
2. Possible public hearings will be held for consumer input on what is needed in each Department.
3. Meet with Mrs. Knauer to review consumer complaint handling mechanism.

By May 16

Each Cabinet Officer will submit a report to the President on:

- what mechanisms are in operation
- what additional measures might be undertaken, and
- what legislation may be required

On May 19

Each report will be published and public comment will be requested.

By June 30

President will propose any needed legislation to Congress

III. Additional Actions

Today

- Letter to Congressional Leadership
- Press briefing by Seidman, Cannon, Lynn & Knauer

(III. Additional Actions - continued)

Week of April 7

--Meeting with heads of independent agencies and commissions

--Swearing in of President's National Consumer Advisory Council

PROPOSED DRAFT OF CHART

EXECUTIVE DEPARTMENT

Activities Enhancing Consumer Representation

I. Broaden Hearing Opportunities

- ... More notice publicity and encouragement of public to comment
- ... Extend length of hearings as needed to include interested participants
- ... Utilize hearings in important matters even though not required by law

II. Simplify Procedures Relating to Comment

- ... Make it easy and inexpensive for the public to file written comment
- ... Have some mechanism for acknowledging receipt and assuring due consideration

III. Establish Intra-agency Appeal Process

- ... Put in place a mechanism that would provide an avenue of informal intra-agency appeal

IV. Provide Assurance of Due Consideration

- ... Publicize extensively the mechanisms available for consumer input
- ... Utilize a certification procedure attesting to consideration of consumer views prior to exercising discretionary powers

V. Streamline Consumer Complaint Handling

- ... Organizationally structure so that it can both:
 - produce substantive responses in reasonable period of time, and
 - provide input at policy level based on information derived

DRAFT III 3/25/75

TO: GOVERNMENT OPERATIONS COMMITTEE

Representative Jack Brooks
Representative Frank Horton
Senator Abraham Ribicoff
Senator Charles Percy

Dear (_____):

In the interest of protecting the American consumer, I have today directed a comprehensive review of all Executive department procedures to make certain that consumer interests receive full consideration in all Government actions and decisions.

I recognize the legitimate public and Congressional concerns that the interests of consumers have not always been adequately considered by Federal departments and agencies.

This must be changed. Therefore, I have asked each member of the Cabinet to examine his department's activities and to give me a report, by May 1, 1975, on the following:

1. What mechanisms to support consumer interests are in operation in the department now.
2. What additional measures to protect the consumer should be undertaken.
3. What regulatory reforms may be required to further the interests of consumers.

In order to make certain that the views of consumers and other public interest groups are included in this review, I have suggested that each Cabinet officer hold appropriate public hearings so that all points of view and all proposals may be presented and considered.

The proposals received from the executive departments will be published, and public comment solicited before new departmental procedures to protect the public interest are established.

In any broad consideration of protecting the consumer, there is no more important factor than outdated regulatory practices - which lead to higher prices and reduced services.

Regulatory reform is one of the most important vehicles for improving consumer protection. I urge the Congress to pass a number of specific legislative proposals in this regard, including the bill I submitted in January to establish a Regulatory Review Commission. I have also requested the Congress to repeal outdated Fair Trade laws which raise prices and to reform many of the existing banking laws which penalize small savers. I will soon request legislation to overhaul our system of transportation regulation to allow freer competition, improved services, and lower prices.

I am also asking the chairmen and members of the independent regulatory agencies to meet with me. I intend to ask for their suggestions and to discuss other ways we can make immediate improvements in the regulatory process before the Review Commission legislation is enacted. I am determined that the public will receive the most efficient and effective public service at the least cost.


In view of the steps that are being taken by the executive department to make Government-wide improvements in the quality of service to the consumer, I am requesting that the Congress set aside S. 200, which would create a new Federal agency for consumer advocacy.

I do not believe that we need yet another Federal bureaucracy -- either in Washington or in field offices throughout the country -- with its attendant costs of \$60 million for the first three years and hundreds of additional Federal employees, to achieve better consumer representation and protection in government.

At a time when we are trying to cut down on both the size and the cost of Government, it would be unsound to add another layer of bureaucracy instead of improving the basic structure. What we need is better administration of existing structures.

Although the purpose of this new Federal agency would be to protect the consumers, the practical effect could well be to raise costs and prices to consumers.

In summary, it is my conviction that the best way to protect the consumer is to improve the existing institutions of government, not to add more government. I look forward to working with you, the members of your Committee, and the Congress in advancing the interests of all consumers within our existing departments and agencies.



THE WHITE HOUSE
WASHINGTON

mtg held
3/21

2:30

Roosevelt

15 Am.

Baroody

Vice.

~~Ross~~ please
attend mtg today
on CPA.

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THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: March 18, 1975

Time: 5:00 p.m.

FOR ACTION: Jack Marsh
James Lynn
Paul Theis
Ken Lazarus

cc (for information): Max Friedersdorf
Bill Baroody
Paul O'Neill
Jim Cavanaugh

FROM THE STAFF SECRETARY

DUE: Date: Wednesday, March 19

Time: 5:00 pm

SUBJECT:

Revised Draft letter to Congressional Committee on Consumer Protection Agency. MAR 18 1975

ACTION REQUESTED:

For Necessary Action

Prepare Agenda and Brief

For Your Comments

For Your Recommendations

Draft Reply

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. ...
For the ...



Dear _____:

I have carefully considered the desirability of various bills to establish a Consumer Protection Agency.

It is my view that we should not create another Federal agency, putting even further strain on the taxpayer at this time.

As you know, both the executive Departments and agencies and the independent regulatory agencies are already responsible for protecting the public interest, which includes the interests of all consumers. Where these existing structures are not working adequately to represent consumers we should institute the necessary changes. But at a time when we are trying to cut down on both the size and the cost of Government it would make no sense -- and, in fact, would be bad Government -- to establish yet another expensive Federal bureaucracy in Washington.

What I will propose to the Congress instead and undertake by executive action where possible are a number of reforms in our executive and independent agencies so that consumer interests can be better served by them. For instance, as I recommended last October, I strongly believe that the Congress and the executive branch should move to establish a Regulatory Reform Commission. In the context of other needed reforms this Commission would review the various alternatives for improving

the protection of consumer interests. In addition, there are certain reforms of our regulatory agencies that can be undertaken immediately, and I will be submitting those proposals to the Congress shortly.

At the same time I intend to work with my Cabinet to see that the necessary steps are taken within the executive branch to emphasize and to strengthen the representation of consumer interests. Should any of these measures require legislation, you may be sure I will transmit appropriate recommendations to the Congress.

Addressees:

Honorable Abraham A. Ribicoff
Chairman, Senate Government
Operations Committee

cc: Senator Charles H. Percy

Honorable Jack Brooks
Chairman, House Government
Operations Committee
House of Representatives

cc: Congressman Frank Horton

Honorable Harley O. Staggers
Chairman, House Interstate and
Foreign Commerce Committee
House of Representatives

cc: Congressman Samuel L. Devine


THE WHITE HOUSE

WASHINGTON

March 25, 1975

MEMORANDUM FOR: DICK CHENEY
JIM CONNOR
JIM LYNN
PAUL O'NEILL
DON RUMSFELD

FROM:

JACK MARSH 

Please note the attached draft of a proposed letter from the President to certain members of Congress in reference to the Consumer Protection Agency which he expects to discuss in the Cabinet meeting tomorrow.

Are the requirements imposed on the Cabinet officers set out on pages one and two realistic and workable?

I also call to you attention the proposal in reference to the independent regulatory agency which reflects the discussion with the President on this matter.

I would appreciate your comments and suggestions.