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May 21

THE WHITE HOUSE
WASHINGTON

Jack --

Rod Hills stopped in. Needs to
speak with you this morning
concerning regulatory agency
matters.

Russ



THE WHITE HOUSE
WASHINGTON

May 20

Mr. Marsh --

Lynn May, Domestic Council, would like very much to talk with you re the attached this afternoon if possible. His extension is #6437.

Thanks.

donna



May 9, 1975

MEMORANDUM FOR: JIM CANNON
MAX FRIEDERSDORF
ROD HILLS

FROM: JACK MARSH

In reference to the proposed meeting on the regulatory agencies, I passed on to the President the comments from yesterday's conversation on this subject, particularly the observations of Mike Pertschuk.

He indicated agreement in going the route of two separate types of meetings, but I would suggest it be brought precisely to his attention by way of a short follow up memorandum.



THE WHITE HOUSE
WASHINGTON

Mr Marsh

MEMORANDUM FOR: THE PRESIDENT

FROM: ROD HILLS
JIM CANNON
MAX FRIEDERSDORF

SUBJECT: Meeting with the Independent
Regulatory Commissions and
Congressional Representatives

In your speech to the Chamber of Commerce on April 28, you said that you would be "convening shortly a...meeting of all the Commissioners of the ten major independent regulatory agencies." You emphasized that the purpose of the meeting would be to "discuss the imperative need to foster greater competition in the public interest and... the need to consider the inflationary effects of all proposed new regulations."

We have had several staff discussions to begin the necessary background work, and the Economic Policy Board devoted considerable time to our recommendations during its meeting on May 8. This memo summarizes our thoughts and requests your decision on an approach and the need to set a firm date for the session.

General Recommendations

Because the independent regulatory agencies have a unique relationship to Congress and the Executive, it is imperative that Congress be given a major role in helping to plan for and participate in the meeting. Based on your decision on the general approach, we will meet individually with the Congressional leadership as well as selected Members to solicit their views prior to the session. If we encounter strong opinions on the Hill, we might need to make some modifications in the format and agenda.



We also believe that we ought to talk with the General Counsels of the ten independent Commissions beforehand and ask for their suggestions. We recommend that they be invited to attend the session because of their important roles in interpreting the Commissions' statutes and because their offices could be useful points of contact for any follow-up discussions between Congress, the Commissions, and the Executive.

We recommend that the objective of the meeting be to elicit better voluntary cooperation from the regulatory commissions in their evaluation and understanding of the economic impact of proposed regulations, improving consumer services, and their assurance of fair and expeditious hearings on regulatory matters. In light of the above, the general tone and approach to the meeting will play an important role in its success.

Alternative Approaches

There are two basic approaches to such a meeting which could be modified in many ways to take account of your preferences and time demands, as well as those of the Congress and the Commissions.

- I. You could address the approximately 175 Commissioners, General Counsels, and Congressmen in the East Room, and provide time afterward for back-up speeches by the Joint Leadership or their representatives. You could then ask for written responses and suggestions from the agencies. This agenda could be kept simple and your participation limited to the delivery of prepared remarks.

A list of the 55 Independent Regulatory Commissioners and ten General Counsels are attached as Tab A. A proposed list of 78 Congressional Committee and Subcommittee Chairmen and ranking minority members with regulatory oversight responsibilities is included at Tab B.

Pro: This format would get your message across effectively in a controlled format. It would not require much of your time.

Con: It might be resented as heavy handed by the Congress and the Commissions. It would not be especially conducive to encouraging a voluntary regulatory



reform effort, nor would it permit discussion and interchange.

- 2. You could follow the same approach you chose for the "Economists" pre-summit meeting held in the East Room last September. This would provide a seat at the table for the ten Chairmen of the regulatory commissions and selected Congressional and Administration spokesmen. The other Congressional and Commission representatives would be seated in the same room, but away from the table. You would open the discussion, which would be followed by remarks from preselected Congressmen and Commission Chairmen. An hour would then be allotted for an open discussion between the participants. We feel that your presence throughout the entire session would help to promote the most cooperative interchange of ideas.

A proposed agenda for this type of session is attached at Tab C, and draft talking points for your opening remarks are included at Tab D.

Pro: This approach provides the opportunity for the most open and potentially fruitful discussion and the exchange of views. It could be orchestrated to allow you some flexibility in the amount of time you wished to devote to the meeting.

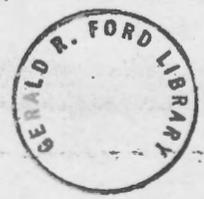
Con: The EPB discussed the need for careful planning and control if this option is chosen in order to minimize the potential for visible and perhaps counter-productive disagreement between the participants. Also, this approach would require more of your personal time.

Decision

_____ Move to set a firm date for the meeting working from the first general approach.

_____ Move to set a firm date for the meeting working from the second general approach. (Our recommendation)

_____ See Me.



SENATE

MAJORITY LEADER - Mike Mansfield
MINORITY LEADER - Hugh Scott

OVERSIGHT COMMITTEES

Agriculture & Forestry - CFTC

Herman E. Talmadge (Ga.)
Robert Dole (Kan.)

* Agriculture Production, Marketing, & Stabilization
of Price

Walter Huddleston (Ky.)
Milton R. Young (N.D.)

Banking, Housing and Urban Affairs - SEC

William Proxmire (Wisc.)
John G. Tower (Tex.)

* Financial Institutions

Thomas McIntyre (N.H.)
John G. Tower (Tex.)

Commerce

Warren G. Magnuson (Wash.)
James B. Pearson (Kan.)

* Aviation - CAB

Howard W. Cannon (Nev.)
James B. Pearson (Kans.)

* Communications - FCC

John O. Pastore (R.I.)
Robert P. Griffin (Mich.)

* Consumer - CPSC

Frank E. Moss (Utah)
James L. Buckley (N.Y.)

* Merchant Marine - FMC

Russell B. Long (La.)
J. Glenn Beall Jr. (Md.)



* Surface Transportation - ICC

Vance Hartke (Ind.)

Lowell P. Weicker, Jr. (Conn.)

* Oil & Gas Production & Distribution

Adlai E. Stevenson (Ill.)

Ted Stevens (Alaska)

Government Operations

Abraham A. Ribicoff (Conn.)

Charles H. Percy (Ill.)

Interior & Insular Affairs - FPC

Henry M. Jackson (Wash.)

Paul J. Fannin (Ariz.)

* Minerals, Materials, & Fuels

Lee Metcalf (Mont.)

Paul J. Fannin (Ariz.)

Judiciary - FTC

James O. Eastland (Miss.)

Roman L. Hruska (Neb.)

* Admin. Practices & Procurement

Ed M. Kennedy (N. Y.)

Strom Thurmond (S. C.)

* Antitrust & Monopoly

Phillip A. Hart (Mich.)

Roman L. Hruska (Neb.)

Appropriations Committee

John L. McClellan (Ark.)

Milton R. Young (N. D.)

* HUD--Independent Agencies (CPSC)

William Proxmire (Wisc.)

Charles McC. Mathias (Md.)



HOUSE OF REPRESENTATIVES

SPEAKER OF THE HOUSE - Carl Albert
MINORITY LEADER - John Rhoads

OVERSIGHT COMMITTEES

Agriculture - CFTC

Thomas S. Foley (Wash.)
William C. Wampler (Va.)

* Conservation and Credit

Bob Bergland (Minn.)
Edward R. Madigan (Ill.)

Banking, Currency, and Housing - SEC

Henry S. Reuss (Wis.)
Albert W. Johnson (Pa.)

* Financial Institutions Supervision, Reg. & Ins.

Fernand J. St. Germain (R.I.)
John H. Rousselot (Calif.)

Government Operations

Jack Brooks (Tex.)
Frank Horton (N. Y.)

Interior and Insular Affairs - FPC

James A. Haley (Fla.)
Joe Skubitz (Kans.)

Merchant Marine & Fisheries - FMC

Leonor Sullivan (Mo.)
Philip E. Ruppe (Mich.)

* Merchant Marine

Thomas M. Downing (Va.)
Paul N. McClosky Jr. (Calif.)



Interstate and Foreign Commerce

Harley O. Stagers
Samuel L. Devine

- * Communications - FCC
Torbet H. Macdonald (Mass.)
Louis Frey Jr. (Fla.)
- * Oversight & Investigations
John E. Moss (Calif.)
James M. Collins (Tex.)
- * Energy & Power - FPC
John D. Dingell (Mich.)
Clarence J. Brown (Ohio)
- * Consumer Protection & Finance - CPSC & FTC
Leonil Van Deerlin (Calif.)
John Y. McCollister (Neb.)
- * Transportation & Commerce - ICC
Fred B. Rooney (Pa.)
Joe Skubitz (Kans.)

Judiciary - FTC

Peter W. Rodino (N. J.)
Edward Hutchinson (Mich.)

- * Admin. Law & Gov't. Relations
Walter Flowers (Ala.)
Carlos J. Moorhead (Calif.)
- * Monopolies & Commercial Law
Peter Rodino,
Ed Hutchinson

Public Works and Transportation

Robert E. Jones (Ala.)
William H. Harsha (Ohio)

- * Aviation - CAB
Glenn M. Anderson (Calif.)
Gene Snyder (Ky.)
- * Surface Transportation
James J. Howard (N. J.)
Bud Shuster (Pa.)



Joint Committee on Atomic Energy (NRC)

John O. Pastore (R. I.)
Melvin Price (Ill.)

Appropriations Committee

George H. Mahon (Tex.)
Elford A. Cederberg (Mich.)

* HUD - Independent Agencies (CPSC)

Edward P. Boland (Mass.)
Burt L. Talcott (Calif.)

House Republican Task Force on Antitrust
and Regulatory Reform

Chairman: H. John Heinz, III



Independent Regulatory Commissions
Membership

Civil Aeronautics Board

John Robson, Chairman
G. Joseph Minetti
Lee R. West
Robert D. Timm
Richard J. O'Melia

Thomas J. Heye, General Counsel

Commodity Futures Trading Commission

William T. Bagley, Chairman
John Vernon Rainbolt II
Read Patten Dunn, Jr.
Gary Leonard Seevers
Vacancy

Howard Schneider, General Counsel
(Acting)

Consumer Product Safety Commission

Richard O. Simpson, Chairman
Barbara H. Franklin
Lawrence M. Kushner
Constance E. Newman
R. David Pittle

Michael Brown, General Counsel

Federal Communications Commission

Richard E. Wiley, Chairman
Robert E. Lee
Benjamin L. Hooks
Charlotte T. Reid
Glen O. Robinson
Abbott Washburn
James H. Quello

Ashton Hardy, General Counsel

Federal Maritime Commission

Helen Deligh Bentley, Chairman
James V. Day
Ashton C. Barrett
George H. Hearn
Clarence Morse

James J. Pimper, General Counsel



Federal Power Commission

John N. Nassikas, Chairman
 William L. Springer
 Don S. Smith
 (2 Vacancies)

Drexel D. Journey, General Counsel

Federal Trade Commission

Lewis A. Engman, Chairman
 Paul Rand Dixon
 Mayo J. Thompson
 M. Elizabeth Hanford
 Stephen A. Nye

Robert J. Lewis, General Counsel

Interstate Commerce Commission

George M. Stafford, Chairman
 Alfred T. MacFarland
 Kenneth H. Tuggle
 Rupert L. Murphy
 Virginia Mae Brown
 Willard Deason
 Dale W. Hardin
 Robert C. Gresham
 Robert J. Corber
 A. Daniel O'Neal
 Charles L. Clapp

Fritz R. Kahn, General Counsel

Nuclear Regulatory Commission

William A. Anders, Chairman
 Victor Gilinski
 Richard T. Kennedy
 Edward A. Mason
 Marcus A. Rowden

Peter Strauss, General Counsel

Securities and Exchange Commission

Ray Garrett, Jr., Chairman
 Philip A. Loomis, Jr.
 John R. Evans
 A. A. Sommer, Jr.
 Irving M. Pollack

Lawrence E. Nerheim, General
 Counsel



AGENDA

Meeting with Independent Regulatory Agencies

1. Hills/Cannon
(Introduce President) Brief

2. Presidential Key Note Address
(Note: Outline of Presidential talking
points attached, final remarks to be
supplied) 10-15 mins.
 - Purpose of the session.
 - Role and Importance of the Regulatory
Agencies.
 - Nature of Joint Congressional/Executive
Branch Oversight.
 - Specific problems and considerations:
 - Need to evaluate the economic impact
of proposed regulations.
 - Need to ensure that consumers and
other interest groups receive a
fair hearing.
 - Need to act expeditiously when
appropriate.
 - Need to keep the public better informed
of regulatory activities and their
consequences.
 - Brief summary of Presidential regulatory reform
program including legislative and adminis-
trative actions.

3. Congressional Remarks 20-30 mins.

4. Remarks by Selected Commission
Chairmen 20 mins.

For Example:

Engman (FTC) - Role of Competition
Garrett (SEC) - Regulatory Modernization
Wiley (FCC) - Administrative Improvements



- 5. Discussion among Chairmen, Congressional Spokesmen, and Executive Branch Representatives 1 hour
- 6. Summary and Closing Remarks Brief



Suggested Talking Points for the President's

Meeting with the Independent Regulatory Commissions

I: Introduction--Why I have asked for this meeting.

- There is a growing concern expressed by many Americans that government regulations have not changed as quickly as they should, in light of major changes in the structure and functioning of our economy.
- The most persistent concern arises from the belief that many regulations now cost the country as a whole more than they return in benefits and that the general public interest therefore becomes secondary to a particular special interest.
- In assembling this meeting of Independent Agency members and Congressional leaders, I do not mean to suggest that the problem resides exclusively in these agencies. Regulations that impose costs on consumers can be found in Cabinet Departments and in an intricate, sometimes invisible web of laws, ordinances, and regulations at the State and local levels.
- I feel that you and your Commissions--with unique powers and responsibilities--can play a major role in documenting and correcting any such imbalances.
- Because I place a high premium on the openness of government, I want to review with you the steps I am taking. And I will ask for your help and the Congress' in identifying ways the Commissions may be most helpful in our collective efforts to restore the health and vitality of the American economy. As we look for short-term solutions, we must also chart a course that permanently relieves the economy of unnecessary impediments in the long term.

II. Why the Independent Commissions are Important.

- Congress and the Presidency have given you extraordinary grants of authority. You function partially like the Executive, Legislative, and Judicial Branches of government. With unusual powers and responsibilities, you should function as models of good and open government.
- You should make every effort to pinpoint those areas in which economic realities today have overtaken circumstances which caused the government to create special remedies. You should be the leaders



in identifying areas where regulations are now obsolete and areas where we need to focus more attention.

- You should constantly strive to improve your abilities to identify all the costs of regulations in order to put before the American people the most well documented description of the potential costs and benefits of proposals. You should make sure that the quality of your economic analysis matches the same standards of legal professionalism which you strive to maintain. This involves a more open discussion of both (a) the economic costs of less competition than might otherwise exist absent some regulations and (b) the costs to society to comply with mandates which seek worthwhile goals.
- You should do everything you can to make sure that backlogs in regulatory proceedings don't help destroy the public's belief in an equitable regulatory system. For example, many companies cannot make important capital investments, which generate employment and advancement opportunities for thousands of Americans, without your cooperation. You should strive to give these applications a professional, but speedy, review.
- You have a special relationship to Congress and the Executive. You should be aggressive in offering new ideas which legislatively and/or administratively will help both of us do a better job to obtain necessary changes in your authorizing statutes, to facilitate the necessary judicial review of your decisions, etc.

III. What My Administration is Doing.

- I have a firm belief that the "hidden" costs that government imposes on private citizens should be uncovered. Everyone has a right to know what legislation and regulations are costing them, both in tax dollars and in higher prices. To help achieve this objective:
 - (a) I have ordered all Departments and Agencies to analyze their major proposals with an Inflation Impact Statement. I am pleased the House has changed its rules to require similar analyses, and I note the Senate has several pieces of legislation under review which would accomplish similar objectives. While there are differing legal views on whether your agencies are covered, I hope that you will adopt similar procedures. The most important objective is that all of us better understand the short and long-range economic consequences of our actions, and that you do your part to better fulfill your responsibilities to Congress and the American people.



(b) I have asked all Departments and Agencies to re-examine their present procedures for assuring better consumer representation in their decisionmaking processes. I urge each of you to make additional efforts to include the general public (as well as the industries you regulate) in your hearings and other proceedings.

- Also, I would hope that you would make additional efforts to make understandable the nature of your actions so that the consumer can be an active informed participant in your deliberations.
- I also feel that government should only intrude in the free market when private concerns have proven their unwillingness to respond to legitimate public concerns or when inherent monopoly structures prevent a freely competitive market system from operating. Government should be attempting to foster rather than curtail competition, to give maximum freedom to private enterprise, consistent, of course, with our belief that government also has a continuing responsibility to pursue and prosecute those who are guilty of predatory pricing tactics, those who are guilty of fraud or deceit, and those who willfully neglect acceptable standards of health and safety conduct.
- Agencies engaged in regulatory activities can expect that the Attorney General, through the Antitrust Division, will continue to appear and participate in agency proceedings to represent the interests of competition and thus, the interests of consumers in lower prices.
- Because of my strong conviction that the consumer is far more able to signal his wants and needs to business, (than the government is able to dictate what those needs should be) I have proposed, and will continue to sponsor legislation to relax or eliminate the Federal Government's control over areas where I believe the marketplace can do a better job.
- For example, the legislation I will be proposing would involve the government less in the setting of prices and would permit greater innovation by making it easier for new businesses to compete with existing firms and to remove barriers from existing firms to develop new services.
- We have or will be proposing legislation in such areas as energy, transportation, financial and securities institutions, and communications. I have asked the Congress for its cooperation in giving these bills an early hearing, and I ask for your support in achieving needed reforms.



- My legislative program seeks to reinforce and strengthen those areas in which government intervention must continue to do a better job; e. g., to detect and penalize those guilty of antitrust violations--but it also calls for government regulators to allow the forces of competition to work as well. But no government agency can take the place of entrepreneurial spirit which helps insure that innovative and cost-saving ideas are continually offered to the public.

IV. Conclusion.

- This meeting is only the beginning. I want to start a dialogue today, and I want it to continue in the open, where Congress and the public can participate to the fullest extent.
- I want to encourage new ideas from everyone here. We have a big job ahead of us--that is to reach an agreement on a more clearly articulated set of roles and responsibilities for government regulation--whether it is spelled out in detailed statutes or administered with a broad grant of authority to Commissions or other offices of the Executive Branch.
- We need a more open and candid discussion between Congress and the Executive on what constitute acceptable criteria for qualifications to serve as a regulatory commissioner or other Executive official with regulatory responsibilities. We need to examine our overlapping jurisdictions and decide on what groundrules we all interact, whether it involves budgetary decisions, legislative proposals, administrative changes, etc.

To these ends, I ask each Commission Chairman here, as an individual American, and not just as the holder of a certain official position, to send to me and the Congress within the next three weeks, your personal views on those areas of government regulatory practices which you feel are most deserving of attention and reform. I hope that this meeting will begin a program of action and a new spirit of cooperation.



HOUSE
TON

*See
Canon*



HIGH PRIORITY

THE WHITE HOUSE
WASHINGTON

JUL 7 1975

*due: 7/8
12 noon*

ACTION MEMORANDUM

LOG NO.:

Date: July 7, 1975

Time:

FOR ACTION: Jim Cannon cc (for information):
Alan Greenspan
Jim Lynn
Max Friedersdorf
Jack Marsh

FROM THE STAFF SECRETARY

DUE Date: Tuesday, July 8

Time: 12 NOON

SUBJECT:

Rod Hills' Memo of July 7, 1975 - Re Meeting
with the Commissioners of the Independent
Regulatory Agencies (Meeting Scheduled for 7/9/75)

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:



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.

Jim Connor
For the President

THE WHITE HOUSE

WASHINGTON

July 7, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: ROD HILLS

SUBJECT: Your Meeting with the Commissioners of the
Independent Regulatory Agencies

Attached are drafts of the agenda, your opening and closing remarks, and a diagram of the seating arrangements for the above meeting. The briefing paper will be completed upon your approval of the attached.

Attachments:

Tab A	-	Agenda
Tab B	-	Opening Remarks
Tab C	-	Closing Remarks
Tab D	-	Diagram of Seating Arrangements



PROPOSED AGENDA FOR PRESIDENT'S MEETING
WITH INDEPENDENT REGULATORY COMMISSIONERS

- I. The President - Prepared Opening Remarks -
Summary of the Concerns of the President and Congress (10 minutes)

- II. Program - (Moderated by Rod Hills. Each topic will be introduced by Paul MacAvoy)
 - A. Improving Economic Analysis in Regulatory Decisions -
Key Note Comments - Lew Engman, Chairman, Federal Trade
Commission (4 minutes)
General Discussion - (15 minutes)
 - B. Regulatory Procedures -
Key Note Comments - William Anders, Chairman, Nuclear
Regulatory Commission (4 minutes)
General Discussion - (15 minutes)
 - C. Encouraging Competition in the Regulated Industries -
Key Note Comments - Ray Garrett, Chairman, Securities
Exchange Commission (4 minutes)
General Discussion - (15 minutes)
 - D. Reducing the Scope of Regulatory Activities Where No Longer
Necessary -
Key Note Comments - John Nassikas, Chairman, Federal
Power Commission (4 minutes)
General Discussion - (15 minutes)

- III. President's Closing Remarks -



It is no secret that I feel deeply that we must seriously consider the costs to American consumers of all government activities. This includes our regulatory activities. Regulatory reform is a theme that arose repeatedly in the course of last fall's economic summit meeting. It is a theme that is finding growing attention and support in both popular and economic literature, in the Executive branch, in the halls of Congress, and, I am pleased to note, among government regulators themselves.

A short time ago, I met with twenty-four Members of Congress on this matter. There was unanimity among this bipartisan group that we must examine our regulatory practices to ensure they are meeting our present needs. There was agreement that competition should be relied on whenever possible and that where regulation is necessary, it should be expeditiously implemented and unnecessary delays should be avoided. Also there was consensus that the important public service role of the Commissions must be reflected in the attitude of the regulators and the welfare of the consumer must always be the first concern in their minds. Finally, there was a persistent concern that some government regulation costs the country more than it returns in benefits and that the regulatory process often benefits special interests at the expense of the general public.

I have a strong belief that the costs which regulation imposes on private citizens should be faced squarely. Every citizen should know that in some



cases these costs mean higher prices, reduced efficiency, less consumer choice, and fewer innovative ideas.

In calling today's meeting, I do not mean to suggest that the problems reside exclusively in your agencies. Regulations that impose costs on consumers can also be found in Cabinet departments and in the intricate, sometimes invisible, web of laws and regulations at the state and local levels.

My Administration is working on each of these areas to focus public attention on the need to minimize unnecessary controls. I am asking for your help in identifying ways the Commissions can assist in our collective efforts to restore innovation and growth in the American economy. As we look for short-term solutions, we must also chart a course that permanently relieves the economy of unnecessary long term impediments.

In some instances the circumstances which caused government to institute a regulatory scheme have changed. You should be the leaders in identifying areas where regulations should be eliminated or substantially revised.

You have been given extraordinary authority to regulate the economy for the public good. With these unusual powers and responsibilities, you must function as models of effective and open government.



There are four major areas that deserve your careful attention. Both the Congress and the Administration share these mutual concerns.

First, you should constantly strive to improve your abilities to identify the costs and benefits of current and proposed regulation. You should make sure that the quality of your economic analysis matches your high standards of legal professionalism. In particular, the costs - as well as the benefits - of restricting competition must be considered. Also, the benefits of worthwhile social goals must be weighed against their costs to the Nation. As you know, I have ordered all Departments and Agencies to prepare an Inflation Impact Statement for their major proposals. I am pleased the House has changed its rules to require similar analyses and I note the Senate has several pieces of legislation under review which have similar objectives. I ask you to give this matter the highest priority.

Second, you should do everything you can to make sure that backlog and delays in regulatory proceedings do not weaken the public belief in an equitable and efficient regulatory system. You should strive to give these applications a professional, but speedy, review.

Third, to accomplish these goals, you should be leaders in suggesting appropriate legislative changes in your authorizing statutes.



Fourth, I have asked all Departments and Agencies to re-examine their present procedures for assuring that the consumer's interests prevail. I believe that competition in product quality and price is the best consumer protector. By freeing entry, adding to rate flexibility and promoting service competition, the consumer can be given the choices that only the market place can provide. I also urge you to insure clearer communications with consumers so they will better understand your actions.

Your efforts in these areas will move us a long way towards the efficient and useful regulatory system that we all seek.

In addition to achieving these administrative reforms, my Administration will be seeking legislative changes that are also intended to reform our system of regulation.

It is my strong conviction that the consumer is best able to signal his wants and needs through the market place. The government should not dictate what his economic needs should be. Therefore, I have proposed, and will continue to sponsor legislation to relax or eliminate the Federal Government control over areas where I believe the market place can do a better job.

I believe the government should only intrude in the free market when well defined social objectives can only be obtained by intervention or when



inherent monopoly structures prevent a freely competitive market system from operating. Government should foster rather than curtail competition and give maximum freedom to private enterprise.

Agencies engaged in regulatory activities can expect that the Antitrust Division of the Justice Department will continue to argue for competition and lower consumer prices as a participant in your agencies proceedings. Furthermore, the Attorney General will continue to insure vigorous antitrust prosecution to remove private sector barriers to competition.

The legislation I am proposing would reduce the government's role in the setting of prices. Also, it would enhance innovation by making it easier for new businesses to compete with existing firms and it would remove barriers from existing firms to allow them to develop new services and lower prices, as well as abandon unprofitable or unnecessary services.

We have or will be proposing regulatory reform legislation in such areas as energy, securities markets, transportation, financial institutions, and communications. I have asked the Congress for its cooperation in giving these bills early consideration and I ask for your support in achieving needed reforms.



I hope this meeting is only a beginning. I want to start a dialogue today, and I want to encourage new ideas from everyone here. Rod Hills and Paul MacAvoy will briefly describe our agenda. I am interested in hearing the steps you are taking to improve our system of regulation and the many problems you face. I hope we will be able to identify those practices which are most deserving of attention and reform. Finally, I hope that this meeting will begin a program of action and a new spirit of cooperation in this area of critical national concern.



Closing Remarks

This meeting has been very useful in giving me a sense of the importance of your mission and the problems you face. I consider this to be a first step toward ensuring that our regulatory system is truly meeting our present economic and social needs.

There are six follow-up actions that I think we should take.

First, I am asking each Chairman to have his Commission develop a cost-benefit analysis of its major regulatory program areas. It is essential that we understand the economic costs of your activities in order to take concrete steps to achieving reforms.

Second, I would like you to undertake a comprehensive review of all areas where regulatory delays presently occur in order to eliminate impediments to a speedy and effective process. Particularly, I would hope that in six months, you can demonstrate reduced regulatory lag in your major cases and rulemaking proceedings.

Third, I ask that you review your procedures to ensure that you are responsive to the legitimate consumer interests and that your actions are intelligible to the average American.

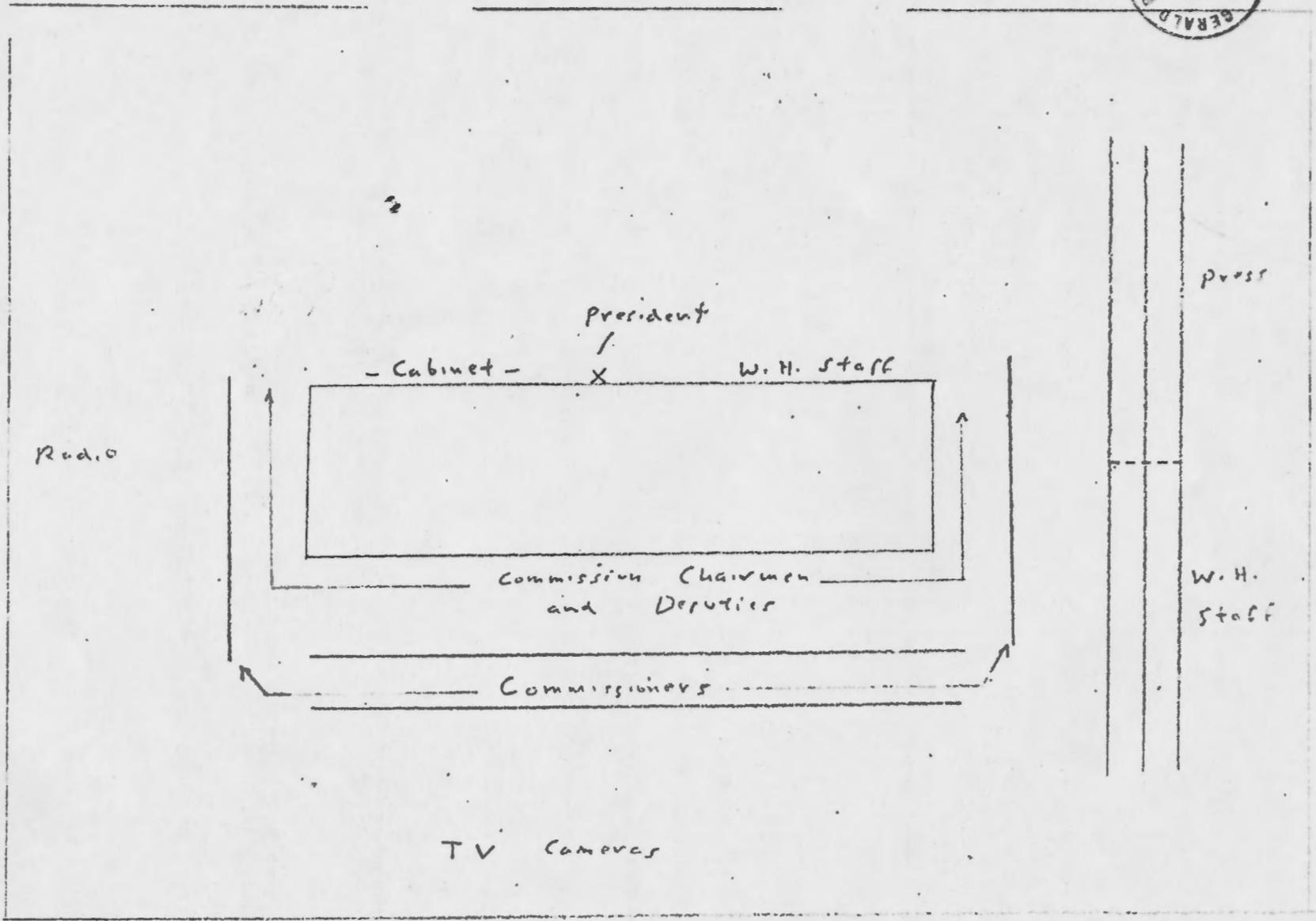
Fourth, you should propose fundamental changes that would move us toward deregulation in areas where the regulatory process no longer makes sense.

Fifth, in some areas it is increasingly clear that competition is a better regulator than the Government. The CAB is beginning to take some action. We have already deregulated brokerage commissions, clearly deregulation of natural gas is necessary. You must all ask yourself the question, "Is regulation better in this case than the unregulated market?"

Finally, I will continue to meet with the designated Members of Congress to review with them your progress and areas of mutual concern. At the same time, I have asked my staff, under the direction of Rod Hills and Paul MacAvoy to work closely with your Commissions and the appropriate Congressional Committees to respond to these concerns.

Thank you for your participation and cooperation in this important endeavor.





JUL 9 1975

LHM

OPENING
FOR MEETING WITH
INDEPENDENT REGULATORY AGENCIES

THURSDAY, JULY 10, 1975



I FEEL DEEPLY THAT WE MUST SERIOUSLY CONSIDER

THE COSTS TO AMERICAN CONSUMERS OF ALL GOVERNMENT ACTIVITIES.

THIS INCLUDES OUR REGULATORY ACTIVITIES. REGULATORY

REFORM IS A THEME THAT AROSE REPEATEDLY IN THE COURSE OF

LAST FALL'S ECONOMIC SUMMIT MEETING.



IT IS A THEME THAT IS FINDING GROWING ATTENTION AND
SUPPORT IN BOTH POPULAR AND ECONOMIC LITERATURE, IN
THE EXECUTIVE BRANCH, IN THE HALLS OF CONGRESS, AND,
I AM PLEASED TO NOTE, AMONG GOVERNMENT REGULATORS
THEMSELVES.



A SHORT TIME AGO, I MET WITH TWENTY-FOUR
MEMBERS OF CONGRESS ON THIS MATTER. THERE WAS
UNANIMITY AMONG THIS BIPARTISAN GROUP THAT WE MUST
EXAMINE OUR REGULATORY PRACTICES TO MAKE SURE THEY
ARE MEETING OUR PRESENT NEEDS.



THERE WAS AGREEMENT THAT COMPETITION SHOULD BE RELIED
ON WHENEVER POSSIBLE AND THAT, WHERE REGULATION IS
UNNECESSARY, IT SHOULD BE AVOIDED. ALSO, THERE
WAS A PERSISTENT CONCERN THAT SOME GOVERNMENT
REGULATION COSTS THE COUNTRY MORE THAN IT RETURNS IN
BENEFITS AND THAT THE REGULATORY PROCESS OFTEN BENEFITS
SPECIAL INTERESTS AT THE EXPENSE OF THE GENERAL PUBLIC.



FINALLY, THERE WAS CONSENSUS THAT THE IMPORTANT
PUBLIC SERVICE ROLE OF THE COMMISSIONS MUST BE REFLECTED
IN THE ATTITUDE OF THE REGULATORS, AND THE WELFARE OF THE
CONSUMER MUST ALWAYS BE THE FIRST CONCERN IN THEIR
MINDS.



I HAVE A STRONG BELIEF THAT THE COSTS WHICH REGULATION IMPOSES ON PRIVATE CITIZENS SHOULD BE FACED SQUARELY. EVERY CITIZEN SHOULD BE AWARE THAT IN SOME CASES THESE COSTS MEAN HIGHER PRICES, REDUCED EFFICIENCY, LESS CONSUMER CHOICE, AND FEWER IMAGINATIVE IDEAS.



IN CALLING TODAY'S MEETING, I DO NOT
SUGGEST THAT THE PROBLEMS RESIDE EXCLUSIVELY IN
YOUR AGENCIES. REGULATIONS THAT IMPOSE COSTS
ON CONSUMERS CAN ALSO BE FOUND IN CABINET
DEPARTMENTS AND IN THE INTRICATE, SOMETIMES
INVISIBLE, WEB OF LAWS AND REGULATIONS AT THE
STATE AND LOCAL LEVELS.



MY ADMINISTRATION IS FOCUSING PUBLIC
ATTENTION ON THE NEED TO ELIMINATE OR MINIMIZE
UNNECESSARY CONTOLS. WE SHOULD RECOGNIZE
THAT OCCASIONALLY GOVERNMENT POLICIES WHICH
APPEAR TO BE IN THE SHORT-TERM PUBLIC INTEREST ARE,
IN FACT, DETRIMENTAL TO LONG-TERM CONSUMER INTERESTS.



I AM ASKING FOR YOUR CONTINUED AND INTENSIFIED
HELP IN IDENTIFYING WAYS THE COMMISSIONS CAN
ASSIST IN OUR COLLECTIVE EFFORTS TO RESTORE
INVENTIVENESS AND GROWTH IN THE AMERICAN ECONOMY.
AS WE LOOK FOR SHORT-TERM SOLUTIONS, WE MUST
ALSO CHART A COURSE THAT PERMANENTLY RELIEVES THE
ECONOMY OF UNNECESSARY LONG-TERM IMPEDIMENTS.



IN SOME INSTANCES, THE CIRCUMSTANCES
WHICH CAUSED GOVERNMENT TO INSTITUTE REGULATORY
SCHEMES HAVE CHANGED. YOU SHOULD BE THE
LEADERS IN IDENTIFYING AREAS WHERE REGULATIONS
SHOULD BE ELIMINATED OR SUBSTANTIALLY REVISED.



YOU HAVE BEEN GIVEN EXTRAORDINARY
AUTHORITY TO REGULATE THE ECONOMY FOR THE PUBLIC
GOOD. WITH THESE UNUSUAL POWERS AND
RESPONSIBILITIES, YOU MUST FUNCTION AS MODELS
OF EFFECTIVE AND OPEN GOVERNMENT.



THERE ARE FOUR MAJOR AREAS THAT
DESERVE CAREFUL ATTENTION:

FIRST, THERE MUST BE A CONSTANT
EFFORT TO IMPROVE EACH COMMISSION'S ABILITY TO
IDENTIFY THE COSTS AND BENEFITS OF CURRENT AND
PROPOSED REGULATION. YOU SHOULD MAKE SURE
THAT THE QUALITY OF YOUR ECONOMIC ANALYSIS MATCHES
YOUR HIGH STANDARDS OF LEGAL PROFESSIONALISM.



IN PARTICULAR, THE COSTS -- AS WELL AS THE BENEFITS --
OF RESTRICTING COMPETITION MUST BE CONSIDERED.

ALSO, THE BENEFITS OF WORTHWHILE SOCIAL GOALS MUST
BE WEIGHED AGAINST THEIR ECONOMIC COSTS TO THE
NATION.



AS YOU KNOW, I HAVE ORDERED ALL DEPARTMENTS AND
AGENCIES TO PREPARE AN INFLATION IMPACT STATEMENT
ON EACH OF THEIR MAJOR PROPOSALS. I AM
PLEASED THE HOUSE HAS CHANGED ITS RULES TO REQUIRE
SIMILAR ANALYSES AND I NOTE THE SENATE HAS SEVERAL
SIMILAR MEASURES UNDER REVIEW. I ASK EACH OF
YOU TO GIVE THIS MATTER THE HIGHEST PRIORITY.



SECOND, WE MUST TAKE EVERY POSSIBLE
STEP TO MAKE SURE THAT BACKLOG AND DELAYS IN
REGULATORY PROCEEDINGS DO NOT WEAKEN THE PUBLIC
BELIEF IN AN EQUITABLE AND EFFICIENT REGULATORY
SYSTEM. IF LEGISLATION IS NEEDED, YOU MAY BE
CERTAIN THAT THE CONGRESS AND THE ADMINISTRATION
WILL PROVIDE SUCH LAWS.



THIRD, THE PUBLIC CAN RIGHTFULLY
EXPECT YOU TO BE LEADERS IN SUGGESTING APPROPRIATE
LEGISLATIVE CHANGES IN YOUR AUTHORIZING STATUTES.



FOURTH, I HAVE ASKED ALL DEPARTMENTS
AND AGENCIES TO RE-EXAMINE THEIR PRESENT PROCEDURES
FOR ASSURING THAT THE CONSUMER'S INTERESTS PREVAIL.
I BELIEVE THAT COMPETITION IN PRODUCT QUALITY AND
PRICE IS THE BEST CONSUMER PROTECTOR.



BY FREEING ENTRY, ADDING TO RATE
FLEXIBILITY AND PROMOTING SERVICE COMPETITION,
THE CONSUMER CAN BE GIVEN THE CHOICES THAT ONLY
THE MARKET PLACE CAN PROVIDE. I ALSO URGE YOU
TO INSURE CLEARER COMMUNICATIONS WITH CONSUMERS
SO THEY WILL BETTER UNDERSTAND YOUR ACTIONS.



OUR JOINT EFFORTS IN THESE AREAS

WILL MOVE US A LONG WAY TOWARDS THE EFFICIENT

AND USEFUL REGULATORY SYSTEM THAT WE ALL SEEK.



IN ADDITION TO ACHIEVING THESE
ADMINISTRATIVE REFORMS, MY ADMINISTRATION
SPECIFICALLY WILL BE SEEKING FURTHER LEGISLATIVE
CHANGES THAT ARE ALSO INTENDED TO REFORM OUR
SYSTEM OF REGULATION.



IT IS MY STRONG CONVICTION THAT THE
CONSUMER IS BEST ABLE TO SIGNAL HIS WANTS AND
NEEDS THROUGH THE MARKET PLACE. THE
GOVERNMENT SHOULD NOT DICTATE WHAT HIS ECONOMIC
NEEDS SHOULD BE.



THEREFORE, I HAVE PROPOSED, AND WILL CONTINUE
TO SUPPORT LEGISLATION TO RELAX OR ELIMINATE THE
FEDERAL CONTROL OVER AREAS WHERE I BELIEVE THE
MARKET PLACE CAN DO A BETTER JOB.



I BELIEVE THE GOVERNMENT SHOULD INTRUDE

IN THE FREE MARKET ONLY WHEN WELL DEFINED SOCIAL

OBJECTIVES CAN BE OBTAINED BY SUCH INTERVENTION

OR WHEN INHERENT MONOPOLY STRUCTURES PREVENT

A FREELY COMPETITIVE MARKET SYSTEM FROM OPERATING.

GOVERNMENT SHOULD FOSTER RATHER THAN FRUSTRATE

COMPETITION. IT SHOULD SEEK TO INSURE MAXIMUM

FREEDOM FOR PRIVATE ENTERPRISE.



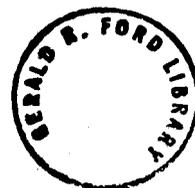
AGENCIES ENGAGED IN REGULATORY

ACTIVITIES CAN EXPECT THAT THE ANTITRUST DIVISION

OF THE JUSTICE DEPARTMENT WILL CONTINUE TO ARGUE

FOR COMPETITION AND LOWER CONSUMER PRICES AS A

PARTICIPANT IN YOUR AGENCIES' PROCEEDINGS.



FURTHERMORE, THE ATTORNEY GENERAL WILL CONTINUE
TO INSURE VIGOROUS ANTITRUST PROSECUTION TO
REMOVE PRIVATE SECTOR BARRIERS TO COMPETITION.



WE HAVE OR WILL PROPOSE REGULATORY
REFORM LEGISLATION IN SUCH AREAS AS ENERGY,
TRANSPORTATION, FINANCIAL INSTITUTIONS, AND
COMMUNICATIONS. I HAVE ASKED CONGRESS
FOR ITS COOPERATION IN GIVING THESE BILLS EARLY
CONSIDERATION AND I ASK YOU FOR YOUR SUPPORT
IN ACHIEVING NEEDED REFORM.

THE LEGISLATION I AM PROPOSING WOULD
REDUCE THE GOVERNMENT'S ROLE IN THE SETTING OF
PRICES. ALSO, IT WOULD ENHANCE INNOVATION
BY MAKING IT EASIER FOR NEW BUSINESSES TO
COMPETE WITH EXISTING FIRMS.



IT WOULD REMOVE BARRIERS FROM EXISTING FIRMS TO ALLOW
THEM TO DEVELOP NEW SERVICES AND LOWER PRICES,
AS WELL AS ABANDON UNPROFITABLE OR UNNECESSARY
SERVICES.



THIS MEETING AND MY EARLIER MEETING
WITH CONGRESSIONAL REPRESENTATIVES ARE ONLY THE
BEGINNING. TODAY, WE WILL CONTINUE THE
DIALOGUE BEGUN AT THE CONGRESSIONAL MEETING.
RODERICK HILLS AND PAUL MacAVOY WILL BRIEFLY
DESCRIBE OUR AGENDA FOR THE MEETING THIS MORNING.



I WILL BE INTERESTED IN HEARING MORE ABOUT THE
STEPS YOU ARE TAKING TO IMPROVE OUR SYSTEM OF
REGULATION AS WELL AS THE PROBLEMS YOU FACE IN THIS
EFFORT.



I AM PARTICULARLY HOPEFUL THAT WE WILL
BE ABLE TO IDENTIFY THOSE PRACTICES WHICH ARE
MOST DESERVING OF ATTENTION AND REFORM. IF
THIS MEETING DOES FOSTER A PROGRAM OF ACTION AND
A NEW SPIRIT OF COOPERATION BETWEEN ALL OF YOUR
COMMISSIONS, CONGRESS AND THE WHITE HOUSE,
WE WILL BE RESPONSIVE TO THE PUBLIC INTEREST.

END OF TEXT

