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THE WHITE HOUSE

WASHINGTON

August 4, 1975

MEMORANDUM FOR: PAUL O'NEILL
FROM: JIM CANNON *JM*
SUBJECT: State and Local Involvement in
Regulatory Reform

Since the Domestic Council has the responsibility for the Regulatory Reform Review Group and for intergovernmental relations, it seems it would be best that we have the responsibility for coordinating the reform efforts with state and local governments.

CC: Cavanaugh
Falk



THE WHITE HOUSE

WASHINGTON

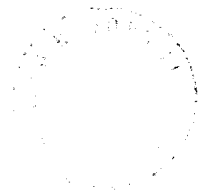
August 27, 1975

MEMORANDUM FOR: JIM CANNON
THROUGH: JIM CAVANAUGH
FROM: PAUL LEACH
SUBJECT: Regulatory Reform in Recent Presidential Speech

The attached speech starting at page 4 contains regulatory reform language which the Review Group influenced.

The importance of this speech is described in the attached Wall Street Journal article.

THOUGHT THIS MIGHT BE OF INTEREST TO YOU.



Ford Backs Corporate Tax Breaks, Vows To Stop 'Anticompetitive' Regulation.

By a WALL STREET JOURNAL Staff Reporter

giving stockholders a tax credit for some

would "eliminate most of these anticompetitive practices," and that "the remainder of these practices, now immunized from the antitrust laws, are undergoing intensive review." He said his administration will study "the whole range of government-sanctioned monopoly," from small franchises protected

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OFFICE OF THE WHITE HOUSE PRESS SECRETARY
(Chicago, Illinois)

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
TO THE
AMERICAN HARDWARE
MANUFACTURER'S ASSOCIATION

McCORMICK PLACE

9:37 A.M. CDT

Cardinal Cody, Mr. Spencer, distinguished guests, ladies and gentlemen:

It is a very special pleasure and privilege for me to be here this morning and to pay tribute to the American hardware industry and to kick off Hardware Week in the City of Chicago.

Yours is an industry that has taken American ingenuity and coupled it with some of the most effective merchandising techniques known to mortal man.

That may seem like some exaggeration, but a hardware store is the only business I know of where you can go to buy a 10 cent carriage bolt and come out with a can of paint, a new, improved screwdriver, 50 pounds of charcoal brickets, a bicycle repair kit, ten minutes of free advice, 12 picture hooks, six fuses and a lawnmower, and then have to go back because you forgot the 10 cent carriage bolt you went to buy there in the first place. (Laughter)

I have been a typical homeowner most of my life, and my wife Betty knows it. She says that sending me to a hardware store is the nearest thing she knows to playing chicken with our life savings. (Laughter)

Nevertheless, on behalf of all of us "do-it-yourselfers," let me thank all of you here for making possible the wonder of wonders -- the neighborhood hardware imporium, more affectionately known as the world's only candy store for grown-ups. (Laughter)

MORE



In your business, you constantly seek out those new ideas that are so important to a great country, and so do we in this country. In fact, no nation or society in history has done more to encourage invention, innovation and initiative.

The explosion of American ideas began 200 year ago with our Declaration of Independence. A century ago a tide of industrial progress started to sweep over America, sewing machines revolutionized the clothing industry. Electricity made life brighter and more prosperous. Automobile assembly lines put us on wheels. The telegraph and telephone -- later movies, radio and television -- linked the people of this vast Nation closer and closer together.

In our generation, America has split the atom and conquered space. Americans never shirked from challenge. Courage, originality, opportunity and optimism are national traits.

This has been the spirit of America for the past two centuries -- a spirit of ideas and individuality. It was and is the spirit of private enterprise -- churning ahead in a free, competitive system fueled by private savings and investment. We need to recall these basic facts about America, about ourselves as a people and about our way of life.

No nation has invested more than we have in humanity and science. No nation has taken greater risks or experimented as much for progress. As a result, no nation has earned such rewards as the United States.

Today America is again called upon to invest, to risk, to experiment in the name of progress. But unfortunately, we have reached a watershed. A decision must be made. The question, put simply, is precisely this: how do we finance both the investment needed for economic growth and essential programs needed to solve our human problems?

Today we are faced with a problem of creating new jobs in numbers greater than ever before in America. Although unemployment is far too high, nevertheless we should not forget that 85 millions in this great country are at work and that is about 1.2 million more than just last March.

By 1980, we must create another 14 million jobs to meet the needs of our expanding population. This is our objective, and it will require substantial economic progress.

As always, economic progress depends on our ability as a Nation to foster capital investment and increase the productivity of our workers. The share of our gross national product committed to the private sector investment must increase significantly over the next few years if we are to reach our economic potential. Some, for example, estimate that total investment requirements could reach as high as \$4 trillion.

However, as our need for capital grows, the abilities of industry to generate necessary funds is declining. This is essentially because inflation has eroded corporate balance sheets and because our national tax laws fail to stimulate such investment.

In short, our financial ability to increase production is declining. This decline is curtailing needed growth in jobs and income and undermining our ability to compete internationally.

I am very confident once this becomes clear to the American people they will understand America's need for tax policies that will help to channel sufficient resources into the expansion of productive capacity.

At today's level of economic activity, no shortage of industrial facilities exist, but our Nation's economic machine is not now running at top speed. In the future, we have every reason to expect it will, but we must now not permit bottlenecks and shortages to reappear as the economy gains momentum.

We must not condemn our fellow citizens to unemployment because the modern tools needed to compete in world markets are lacking.

Capital, as all of you know, is vital to all segments of our economy to expand agricultural production, to develop domestic resources of energy and raw material, reducing our dependence on oil imports and to preserve and to improve our economy.

This Administration has proposed reforms to the Congress to stimulate through what some call capital formation through tax incentives, but I prefer to use the term "job creation" because that is what the proposals would do as a practical matter.

If adopted, they would provide the funds to expand America's industry capability to create jobs, for one thing, by reducing the double taxation on dividends.

As expected, these proposals have raised an outcry from some Members of Congress who oppose them and, as a person who was in the Congress for a number of years, I understand these voices.

The Congress, in this case, as in others, has come up with no alternatives. We have got to push them to action here, as well as elsewhere. America cannot put its faith in wishing wells. We must do something about expanding our sources of capital to create jobs, and we must do it right now.

MORE



- 7 -

I ask the Congress to join with me in this commitment to our Nation's future, to increase jobs, income and full economic recovery.

Let us expand the size of our economic pie rather than simply redistributing the pieces of a much smaller piece of pie.

By itself, however, additional capital cannot revitalize the American economy and our free market system. We must also take steps to help restore the vitality of the marketplace and effective competition is the way to do it.

Too often in the past our Government has stifled that competition in the name of economic regulation to the detriment of the consumer. For that reason, my Administration -- with strong support of the Congress in this instance -- is seeking fundamental reform of economic regulation in the United States.

The problem is simply this: In many industries, transportation, energy, communication, as well as others, Federal regulatory commissions have actually thwarted competition. The bureaucratic monopolies have tackled business and conflicting policies and red tape far, far too long.

The record is clear. They have burdened the consumer with the cost of misdirected regulation.

Although I am greatly encouraged by widespread backing for regulatory reform, I also recognize we still have a long, long way to go to achieve it. With the continued support, which is very evident, with the support of you, as well as your industry, we will reverse the trend of the last few decades.

We will establish as national policy this basic fact of economic life, that Government regulation is not an effective substitute for vigorous American competition in the marketplace.

Having said this, let me add that some -- and let me qualify it by saying some -- regulations are necessary and appropriate; for instance, involving health, safety and the environment.

But the reforms that we seek would eliminate the impractical, the unnecessary and the obsolete. As part of this effort to insure that we have a strong economic system, we must maintain an anti-trust policy which validates our commitment to competitive markets.

MORE



If we reduce Government regulation of business, we must make certain and positive that our anti-trust laws are vigorously enforced.

Competition, when freed of Government regulation and supported by anti-trust laws, is the driving force of our economy. It will drive costs down to their minimum and assure prices based on these legitimate costs.

Yet, such steps cover only a part of the over-all problem. It is much more difficult to deal with areas that anti-trust laws do not touch, these other regulated and legal monopolies and the Government sanctioned cartels.

For instance, various industry rate bureaus and self-regulatory agencies -- transportation rate bureaus, shipping conferences, stock exchanges and professional associations -- now seem to operate in a congenial cost-plus environment.

This is simply because Government once decided they need not, or cannot, compete.

They are allowed to fix prices and divide markets under the regulatory cloak, free from anti-trust enforcement.

An essential element of regulatory reform legislation I have already sent or will send to Congress will eliminate most of these anticompetitive practices. The remainder of these practices, now immunized from anti-trust laws, are undergoing intense review in the Executive Branch of the Government.

In short, this Administration will look at the whole range of Government sanctioned monopoly -- from the small franchises protected by Federal regulations, which rule out competition, all the way to Government-endorsed cartels involving entire industries.

We must recognize this: Over the years Government has done as much to create and perpetuate monopoly as it has done to control or eliminate it. As a result, this Nation has become accustomed to certain forms of monopoly. Some are regarded as beneficial, some not.

If an industry combines to raise prices, it violates our anti-trust laws, but no laws are violated if an industry can get the Federal Government to build trade barriers, to increase support prices for the goods or services that it produces, or to police against potential competitors or pricecutters.

MORE

It is sad but true -- too often the Government walks with the industry along the road to monopoly.

The end result of such special treatment provides special benefits for a few, but powerful, groups in the economy at the expense of the taxpayer and the consumer.

Let me emphasize this is not -- and never will be -- and Administration of special interests. This is an Administration of public interest, and always will be just that.

Therefore, we will not permit the continuation of monopoly privilege, which is not in the public interest. It is my job and your job to open the American marketplace to all comers.

Ultimately, the vital reforms will be viewed -- as they should be -- as a pocketbook issue. Government regulation and restrictions now cost consumers billions and billions of dollars each year. We must be concerned about the cost of monopoly however it is imposed and for what reasons.

We must be sure that regulatory reform and anti-trust actions go hand in hand with incentives to spark capital investment to create new jobs and new competition. This is what I firmly believe is needed to revive the American economic dream.

Before I close, let me share one thought with you. It concerns a subject that affects the lives and the pocketbooks of every American -- the runaway growth of the Federal Government itself.

One of the goals I have set for myself as President is to cut big Government down to size -- and we can do it this way -- to make it more manageable, more responsive, more efficient and less costly. I want to put an end to the mountain of paperwork and the quicksand of regulation which big Government makes every businessman cope with.

Do you have any idea how many different Federal forms Washington sends out and asks you to fill out? Would you believe it is over 5,000 -- 5,000 Federal forms to keep Washington at work and businessmen from their work.

Believe me -- and obviously you agree -- this is not the way this great Nation was built over a 200-year span. I can vividly recall how my father started a small family factory back in, of all years, 1929. In those dire economic circumstances, everybody pitched in.

My speciality -- and it didn't require much skill -- was mixing the paint and labeling cans. But, my father was always out there selling the merchandise and doing what makes sense for the business, not what makes sense for the bureaucrats.

The Ford Paint and Varnish Company survived the depression. And I have wondered if it would have if my father had had to fill out all of today's forms and applications and those thousands and thousands of questionnaires, and at the same time, cope with a patchwork of rules and regulations which face today's businessmen.

My objective is to get the Federal Government as far out of your business, out of your lives, out of your pocketbooks and out of your hair as I possibly can.

To this end, within three weeks after I came into the Office of the Presidency last August, I directed the heads of all Federal Government, departments and agencies to reduce the personnel for whom they had requested funds for the remainder of the fiscal year by 40,000.

Actually, I can report to you today that their performance exceeded my directive. We ended fiscal year 1975 on June 30 of this year with a reduction or a cutback of 52,000 Federal employees under the planned levels of a year ago.

As far as those 5,000 Government forms, I can tell you this: several months ago I directed Jim Lynn, the Director of the Office of Management and Budget, to examine, to analyze, to evaluate and then throw out as many of these timewasters as he possibly can. And I am going to personally monitor it.

To put it very simply, I want to see the American businessman pushing merchandise, not pencils.

You don't need a lot of bureaucrats looking over your shoulder and telling you how to run your life or how to run your business. We are a people who declared our independence 200 years ago, and we are not about to lose it now to paper shufflers and computers.

Let's take the shackles off American businessmen. That is the only kind of hardware I don't approve of.

Thank you very much.

END

(AT 10:02 A.M. CDT)



MEETING ON REGULATORY REFORM

Leach, Dunham, MacAvoy
Friday, September 26, 1975
5:15 p.m.

Mr. Cannon's Office



THE WHITE HOUSE
WASHINGTON

Oct. 20, 1975

put
JMC:

The original of this memo
will be forthcoming for your
signature.

Rod Hills thought you might
like an advance copy to
review in the meantime.

rh *Fili*
p

THE WHITE HOUSE

WASHINGTON

October 20, 1975

MEMORANDUM FOR THE PRESIDENT

THROUGH: PHILIP BUCHEN
JAMES CANNON
RICHARD CHENEY

FROM: RODERICK HILLS RH

In our meeting in your office with Secretary Coleman before the announcement of the airline bill and at the subsequent Cabinet meeting, we had a brief opportunity to discuss the current status of the Regulatory Reform Task Force. However, my view and that of Messrs. Buchen and Cannon is that you should have the opportunity to review in more detail the future direction of the regulatory reform program.

Moreover, it is important, both for the energy and morale of the Task Force, that its future efforts be encouraged by you.

For the past six months, various parts of the Administration have been trying to develop and implement a comprehensive and credible program of regulatory reform. Principal responsibility for formulating and coordinating Administration policy in this area has rested with the Domestic Council Review Group on Regulatory Reform. For your information, I am attaching at Tab A a memorandum to the Economic Policy Board in July, outlining the composition of the review group and its approach to the program. This memorandum seems to have been well received, but it has not been formally accepted, even though a request for such an endorsement was made in September.

I have also attached at Tab B brief summaries of some of our regular Wednesday afternoon meetings to give you more precise information as to the nature of the effort thus far.

I feel it is critically important, for the morale of the individuals leading this effort and the credibility of the program, that you meet to discuss your priorities and develop an understanding of your long term objectives with representatives of the group. Submission of the air bill last week was well received both on the Hill and in the press. This initiative has brought an added enthusiasm to the Review Group's efforts. It is important now to continue the momentum by obtaining a fresh sense of your priorities.

Although Phil Buchen is moving quickly to select my successor, in the interim, it would be helpful if we could schedule a 30-minute session with you and key Task Force members from CEA, the Domestic Council and OMB.

I would, of course, very much appreciate attending such a meeting if it can be arranged in a fashion suitable for your schedule before I leave. However, Paul MacAvoy can certainly adequately represent the effort to date.



THE WHITE HOUSE

WASHINGTON

July 16, 1975

MEMORANDUM FOR: ECONOMIC POLICY BOARD

FROM: ROD HILLS RH

SUBJECT: Domestic Council Review
Group on Regulatory Reform

The President has given the Domestic Council responsibility for coordination of his regulatory reform effort. To this end, the Domestic Council has established a Review Group on Regulatory Reform to serve in the coordinating role. Included in this Review Group are:

| <u>Member</u> | <u>Working Representatives</u> |
|-----------------------|--------------------------------|
| Counsel's Office | Rod Hills |
| Domestic Council | Paul Leach |
| | Lynn May |
| Council of Economic | Paul MacAvoy |
| Advisers | |
| Office of Management | Cal Collier |
| and Budget | Stan Morris |
| Department of Justice | Jon Rose |
| Council on Wage and | George Eads |
| Price Stability | |

Jim Cannon has designated me as Executive Director of this Group and Paul MacAvoy and I will serve as principal spokesmen. Paul Leach is the Domestic Council staff person with primary responsibility for staff coordination.

Where appropriate, other Executive departments and agencies and White House staff will be involved. Major economic regulation initiatives will be presented to the Economic Policy Board.

It is anticipated that all staff resources necessary to achieve the President's regulatory reform objectives will be provided by the White House staff groups and Executive departments and agencies.



The principal goal of the Group is to achieve tangible reform in the next year --- reduction of Commission activities where unnecessary and improvements in the efficiency of operation where there is a strong rationale for continued regulation. To deliver on the President's goals, we must have concrete results this year. A secondary goal for 1975 is to have results and a second year program by the time of the State of the Union Address.

The attached draft of an Agenda for the July 18 Review Group meeting provides a brief picture of where this effort is going during 1975.

B



DOMESTIC COUNCIL REVIEW GROUP ON REGULATORY REFORM

Meeting Agenda - July 18, 1975

I. Legislative Activity (with primary responsibility)

A. Legislation Before the Congress

1. Railroad Revitalization Legislation submitted. House Commerce Committee is holding hearings. Some legislation possible this session. OMB & DOT
2. Natural Gas Continue to push for de-regulation of natural gas. Speedy congressional action unlikely. OMB & FEA
3. Financial Institutions Legislation submitted, but some legislative action likely in this Congress. OMB & Treasury
4. Fair Trade Legislation submitted. Push for repeal, which should happen in 1975, and take credit with signing ceremony. OMB & Justice

B. Legislation Being Developed

1. Trucking Send bill to Congress by August with Presidential message and press briefings. OMB & DOT
2. Airlines Send bill to Congress by September with Presidential message and press briefings. OMB & DOT
3. Robinson-Patman Finish proposed bill by August. Send to Hill with Presidential message and press briefings. OMB & Justice

4. Cable T.V.

Develop and consider legislation by September.
Domestic Council & OTP

C. New Areas to be Considered

There are a variety of new areas where a policy review might be undertaken. These range from (a) a major overhaul or abolition of existing agencies, e.g., the FMC, (b) determination of the long-term regulatory role of FEA, (c) development of effective anti-trust policy particularly with respect to the Clayton and Federal Trade Commission Acts to (d) creation of incentives rather than use of the rule-making approach to health, safety and environmental regulations.

II. Follow-Up to the Regulatory Summit

1. Presidential letter to Commissioners sending transcript of July 10 meeting and asking for:
 - Specific plan to reduce delays
 - Description of economic analysis activities
2. Follow-up with continual contacts at both Commissioner and staff levels to see that internal reform effort continues.
3. Encourage Congressional committees to hold oversight hearings on delays in each Agency.
4. With Justice making major contribution, set up group to propose changes in the procedures of the Agencies. Changes can be internal or legislated.
5. Closely control Commission appointments. Develop list of acceptable candidates and committed deregulators.
6. Establish group to work with Independent Agencies in improving economic analysis.
7. Push FPC to allow interstate shipment of natural gas which is purchased by industrial firms in the intrastate (unregulated) market.

III. Regulation by Executive Departments and Agencies

1. Presidential effort to get Cabinet (and other) officers committed to reform. Announce meetings between Review Group and Cabinet officers to obtain specific 1975 reform objectives.
2. Develop a full catalog of agencies: Their responsibilities, weaknesses and opportunities for improvement.
3. Target several "dependent" agencies where the Review Group can concentrate its efforts.
4. Examine and assist FEA task force efforts to remove bottlenecks in development of new energy projects.

IV. Congress

1. Presidential letter to 24 Members to report on Independent Commissions meeting. Draft completed.
2. Continue contacts with Congressional regulatory reform group and their staff.
3. Schedule another meeting with Members after Labor Day.
4. Closely monitor legislative strategy on all regulatory reform bills to insure White House coordination.

V. Speeches and Other Events

1. Develop speech for President to give consumers on the impact of regulation on consumer costs, then schedule.
2. Develop speech for President to give to a "special interest group" in which he talks tough on the need for regulatory reform, then schedule.
3. See that Paul Theis has materials necessary to keep regulatory reform in a variety of Presidential speeches.
4. See that a group of spokesmen for the Administration begin to emphasize regulatory reform in speeches.



VI. Press

1. See that President is continually briefed on status of regulatory reform and has talking points for interviews.
2. Work with Press Office to educate general and specialized press about the Presidential effort.
3. Monitor press reports and editorials. Reply where necessary.

VII. State and Local Regulatory Reform

1. Finalize State and local task force on regulatory reform.
2. Articulate Presidential interest in this area.

VIII. Organization and Management of Effort

1. Set priorities for activities and assign responsibilities.
2. Insure availability of staff resources needed to achieve President's objectives.
3. Provide for regular coordinating meeting.
4. Develop routine status report.

THE WEEK IN REVIEW

1. Transportation Legislation. Efforts to resolve the merger/antitrust issue is up in the air bill were discussed. Justice has offered a compromise package which will be discussed with the Secretary and the Attorney General as soon as possible. A first draft of the Presidential message has been completed and work on the analysis, fact sheet, section-by-section and inflation impact statement are proceeding. Legislative clearance will be completed by 9/12. Stan Morris reported that DOT testimony at the Senate rail hearings went well. He mentioned that plans were going forward for the meetings with industry and the unions on the truck bill. DOT's summary table of the backup analysis on that bill is due this week.
2. Robinson-Patman. Johnathan Rose announced that Justice is working on plans for public hearings while at the same time pursuing Hill Judiciary Committee contacts encouraging them to initiate action on Robinson-Patman. Justice has met with Under Secretary Baker from Commerce regarding a possible 4-city schedule for public hearings. It was suggested that consideration be given to holding broader hearings on predatory pricing problems under the auspices of CWPS. This might help to avoid the pro-business image and could produce more useful information.
3. Inflation Impact. Stan Morris reported that HUD and FEA are the only agencies which are not now in compliance with the Executive Order and A-107.
4. Dependent Agency Review. Paul Leach is meeting with Joe Wright of USDA tomorrow to set up the meeting with Secretary Butz. Others to attend the Butz session include Paul MacAvoy and Jim Mitchell. Paul Leach mentioned that USDA has set up their own internal reform group. George Eads mentioned CWPS was considering a second review of marketing orders which should be discussed in the meeting with USDA. Justice will contact FTC (Michael Lynch) to get a report on Capper-Volstead by 9/19.

Meeting with DOT deferred until the transportation legislation is farther along. Papers on EPA and HEW will be completed. Scheduling of those meetings will be done by 9/19.



5. Cable TV. Ryan May announced a meeting next Tuesday afternoon (9/16) for anyone interested in discussing the cable issues and deciding how to proceed. It is recommended scheduling meetings with industry people as soon as possible.
6. Postal Service. It was announced that a joint Domestic Council/CMB memo recommending a low-key budget review type study of the Postal Service will be sent to the President today if possible.
7. State/Local Task Force. Stan Morris reported that Jim Falk has talked to Governor Noel and that announcement of the task force is ready, pending an exchange of letters between Governor Ray and the President.
8. Press Plan/Speeches. Margaret Earl reported that the Press Office has outlined a schedule of events to accompany submission of the air bill. It will be submitted for Ron Nessen's approval. The Press Office can be ready to go on 48 hours notice. Also, they are working with Bill Baroody's staff to design ways to attract consumer attention to the bill.
9. Follow-on Presidential Meeting with Congressmen. It was agreed we should plan to hold a session with the 24 Congressional representatives to discuss the full range of Administration-sponsored or supported legislation. Paul Leach will develop an agenda and schedule by next week.



SUMMARY OF DOMESTIC COUNCIL MEETING GROUP MEETING
WEDNESDAY, SEPTEMBER 17

THE ROOSEVELT ROOM

1. Rail Bill. John Snow reported that both House and Senate SubCommittees have held hearings on the Administration's rail bill and each has drafted a substitute bill. Both Committees seem to have accepted the concept of the need for regulatory reform (particularly on the ability of carriers to act independently from the ICC) but neither Committee appears to be as critical of rate bureau procedures as is the Administration. Both Committees are discussing restructuring provisions, however, the locus of reorganization authorities and financial assistance differs, and the House bill would make \$2.6 billion in grants available, in addition to loan guarantee privileges. Though the ATA has voted not to support the rail bill, trucking opposition to date has been less than expected. Severe and potentially harmful opposition is coming from barge carriers, who compete more directly with rails on large shipments of bulk goods. DOT is working to head off such opposition. A bill is expected to be reported to the full House Committee before the Columbus Day Recess.
2. Truck Bill. Stan Morris indicated that DCRG members will meet early next week to finalize the strategy to be adopted in dealing with industry and union representatives on the proposed truck bill. At issue is the strength of the Administration's argument and what compromises, if any, the President will order prior to submitting a bill to Congress.
3. Air Bill. Stan Morris reported a meeting on 9/18 between Secretary Coleman and Attorney General Levi to try to reach a final position on mergers and inter-carrier agreements. If a solution is reached, the air bill could go to Congress by 9/25. If not, a Presidential memo will have to be drafted, asking for a decision on the issues.



4. Robinson-Patman. Jon Rose indicated some Senate staff willingness for Senator Hart to submit a repeal bill, without his personal commitment to chair hearings or endorse the measure. (Senator Mathias might be an alternative.) Rep. Seiberling has indicated support for a reform bill, but opposes repeal. Justice is continuing to prepare for four regional hearings, and is open to discussion on the OMB paper suggesting a larger antitrust agenda for such hearings.
5. Regulatory Costs and NSF Study. Stan Morris recounted the origins of the \$2,000 per family cost figure, explained the Moss Committee/GAO response, and indicated NSF's interest in a 12 month study of regulatory costs and benefits. (He distributed the NSF prospectus for comment.) After some discussion on how the Administration should respond to the Moss press release, it was agreed Stan Morris and Margaret Earl would meet with Bill Greener to get a decision on the appropriate strategy to adopt.
6. Inflation Impact. Stan Morris reported that a status report on the program had been given to the EPB. There is some EPB concern for the potential of slowing down important government activities--a response is being prepared. Inflation Impact workshops between agencies and OMB/CWPS will be held this fall.
7. Dependent Agencies. Paul Leach, Stan Morris, and Lynn May reported that a meeting with USDA is scheduled for 9/22; DOT to be scheduled as soon as possible; EPA and HEW papers from OMB due 9/19, and will be circulated for comment; a first paper from Labor has been received and follow-up meetings with Labor staff to be held week of 9/22, and a meeting with FEA will be scheduled as soon as the new General Counsel assumes his duties.
8. Cable TV. Lynn May indicated continuing differences between Justice and OTP. He will schedule meetings with industry and Congressional personnel. An options paper will be ready for the EPB within one month.



9. Coordination. Paul Leach will circulate for comment a discussion paper dealing with clearance of Presidential speeches, DCRG public appearances and press interviews.
10. State and Local. Jim Falk will deliver a Presidential letter to Governor Ray on Sunday, after which announcement of the State/Local task force should be imminent. CWPS is holding staff discussions to help set up the group's agenda.



SUMMARY OF DOMESTIC COUNCIL REVIEW

GROUP MEETING

WEDNESDAY, SEPTEMBER 24

THE ROOSEVELT ROOM

1. Truck Bill. Meetings between DCRG members and representatives of the Teamsters Union and the trucking industry will be scheduled for the week of September 30. The President does not plan to attend these. It was suggested that, if possible, the Administration should structure these as listening sessions and hopefully achieve some interaction between labor, industry and the Administration. The views of concerned constituencies will be incorporated into a memo to the President laying out the DCRG's recommendations for legislation.
2. Air Bill. DOT and Justice met with the EPB on 9/24 to reach a final compromise on the merger standard to be proposed in the air bill. It was agreed that the present standard would be grandfathered for 30 months, but that subsequent proceedings would be judged on a test patterned after the processes and criteria used in the Bank Merger Act. Final language is being prepared. The President will meet with Secretary Coleman and submit the bill to Congress late in the week of 9/30 or early the following week.
3. Rail Bill. Although House and Senate Committees seem likely to act favorably on some degree of reform for the railroads, the House Committee is debating a multibillion dollar grant and loan/guarantee package which would be unacceptable to the Administration. It was agreed that the DCRG ought to begin developing a strategy for compromising issues with Congress, by first determining what elements of the President's bill could be candidates for negotiation with the committees.
4. Maritime Task Force. A status report on the work of the Maritime Task Force was presented. Preliminary reports will be submitted to DCRG by the end of October, a final set of recommendations by December 17. It was agreed not



to invite the FMC to participate in this stage of the group's work, but that a more finished product and/or legislative suggestions would undoubtedly go to the FMC later for their comment. It was generally agreed that the Task Force should continue to focus its attention on FMC regulation, and defer, for the time being at least, investigation into promotional programs or issues such as oil cargo preference.

5. Robinson-Patman. Without a clear commitment from the House or Senate Committees to conduct hearings, Justice is now moving to set up regional hearings on R-P in four major cities. The Commerce Department will assist in making arrangements. Though no firm dates have been set, most agreed that, if possible, the hearings should be held during October so as not to conflict with the Vice President's schedule of hearings on domestic issues.
6. McCarran-Ferguson. Justice has asked several States for more information on their insurance regulations and will be ready with a memo for the EPB within two weeks. There was some discussion whether McCarran-Ferguson and possibly agricultural marketing orders should be given to a State/local Task Force as issues on which it should dwell.
7. State-Local Task Force. CWPS' participation in the work of the Task Force is still undetermined, and firm arrangements between the Domestic Council and Governor Ray have not been concluded. A major unresolved issue is whether the group, once constituted, should be given a package of pre-studied issues (e.g., McCarran-Ferguson) on which to deliberate, or whether the Task Force should try to work through the selection and study of its own issues.
8. Kennedy-Hart Competitive Test Legislation. S. 2028 calls for the incorporation of specific competitive tests against which regulatory agencies would have to measure their decisions. The Senate Committee may ask the GAO to do some preliminary investigations of present agency practices in conjunction with hearings on the bill. DCRG members generally feel the concept of such a test is worthwhile, but that different language would have to be written for



each agency. This would involve several Congressional Committees, and the likelihood of enrollment of such a bill is considered very small at this time.

9. USDA. DCRG members met with Secretary Butz on 9/23. USDA will be concentrating on reforms in marketing orders and the procedures used for health/safety inspections. It was suggested that the Justice Department share its findings on marketing orders with USDA in order to maximize the probabilities of achieving some useful restructuring.
10. Cable TV. The House Subcommittee on Communications is planning major hearings after January 1. The Committee has requested Administration views. There was some discussion of the viability of a strategy to interest broadcasters in changes in licensing requirements in exchange for some support on cable issues. Meetings with industry representatives will be held--a decision memo to the EPB will be prepared within a month.
11. Postal Rates. Paul MacAvoy reported that he disagreed with the memo to Rumsfeld on the private express statutes and indicated he would pursue the issue.
12. DCRG Coordination. Discussion on the DCRG coordination memo produced agreement that Paul Leach would be responsible for getting DCRG added as a part of the clearance net on Presidential material on regulatory reform. Leach will subsequently ask for and incorporate individual views into one DCRG position. It was agreed that a schedule of DCRG speaking engagements would be useful. Lynn May will be responsible for maintaining it. Margaret Earl will provide more information on desirable events at which DCRG members might want to speak. Appearances before Trade Associations and the NAM Conference in New York during December are high priority.



SUMMARY OF DOMESTIC COUNCIL REVIEW

GROUP MEETING

WEDNESDAY, OCTOBER 1

THE ROOSEVELT ROOM

1. Truck Bill. It was reported that a meeting had been held with The Teamsters Union on September 30 and a meeting was scheduled with some trucking executives on October 2. DOT will provide copies of the legislation for them to review with comments due back in ten days. Also, George Eads reported that the FEA analysis of the energy consequences of the truck bill has some strange assumptions. It was recommended that the draft analysis be studied by CEA, OMB, CWPS and DOT.
2. Air Bill. The plans for submitting an air bill might be running into snags because the staff secretary was unwilling to staff the memo without a final printed bill which wouldn't be available until the end of the week.
3. Robinson-Patman. A meeting was held with CWPS, Commerce and Justice to discuss the prospects of public hearings. CWPS wanted Justice to take the lead and others believed that CWPS would be a better forum. Mr. MacAvoy recommended that Jon Rose begin doing the initial staff work with CWPS assistance.
4. EIA. It was recommended that aspects of the EIA proposal should be examined because they dealt with delay in regulatory actions in the energy area.
5. Cable TV. It was reported that House hearings were scheduled for early next year regardless of whether the Administration submitted legislation. Some interest appeared to be growing in the Senate also. A series of meetings has been scheduled with interested industry representatives to discuss alternative approaches to the cable issue.
6. Dependent Agency Reviews. Meeting with DOT, DOL and USDA have been held. The Domestic Council was to schedule similar sessions with EPA and HEW. The need for follow-up with FEA was also encouraged.



7. Coordination. The press office will pull together a list of good ideas for speeches and initial events, including regional media briefings. These will be reviewed by the DCRG and a plan will be developed.
8. Anti-Trust Immunities Review. A meeting has been scheduled of the Anti-Trust Immunities Task Force for Tuesday, October 7. Principal subject of discussion will be reforming McCarran-Ferguson.



SUMMARY OF DOMESTIC COUNCIL REVIEW

GROUP MEETING

WEDNESDAY, OCTOBER 8

THE ROOSEVELT ROOM

1. Broadcast Reforms. The Office of Telecommunications Policy (OTP) briefed DCRG members on the status of two reform initiatives. OTP is drafting legislation which will clarify the FCC's authority to open up the largest radio markets for greater competition between stations. FCC is considering an experiment to test certain deregulation steps, and OTP has encouraged the Commission to expand the size and scope of the test. Secondly, OTP is working to draw up a paper detailing specific differences between it and the Justice Department over the nature of cable TV legislation.
2. Progress on Administrative Reforms in the Commissions. OMB staff reported on administrative improvements underway in four commissions (ICC, CAB, FCC, FPC) and presented a quick overview on the remaining six. Detailed status papers were distributed to DCRG members. Each Commission has been asked to report to the President in writing by December 31 on the steps taken and planned to implement the four point program discussed at the July 10 White House meeting.
3. Truck Bill. The President has shown continuing interest in having the truck bill sent to Congress. Comments from the unions and industry are expected the week of October 13. A final status report (together with any necessary decisions) will be sent to the President for his action the week of October 20. Submission to Congress targeted for October 29.
4. Air Bill. The Air Bill was submitted by the President on October 8. The Administration is working to line up sponsors to introduce the bill when Congress reconvenes after the Columbus Day Recess.
5. Robinson-Patman. Justice and CWPS have met several times to discuss plans for public hearings on the proposed Robinson-Patman reforms. One session is planned for



Washington, but no firm dates have been set for that hearing or others throughout the country. The House Small Business Committee has expressed strong interest in seeing any data the Administration has developed on the actual costs to the economy of the existing R-P laws and their enforcement.

6. Antitrust Immunities. The Administration's Antitrust Immunities Task Force has scheduled a meeting for October 9 to discuss positions on insurance reforms, changes in the Capper-Volstead Act which now exempts farm cooperatives, and other business. It was reported that Secretary Morton plans some field hearings on regulatory reform later this fall. The Justice Department is talking with the Kennedy School of Government at Harvard about a study of the effects of health and safety regulations. A Washington conference on milk cooperatives and their marketing orders is being organized by Eleanor Haas for December 4 and 5.*
7. Executive Departments and Agencies. At the Cabinet meeting on October 8, the President reaffirmed his interest in having all the Executive Agencies achieve substantial regulatory reforms. A meeting between DCRG members and HEW is scheduled for October 15. EPA and FEA meetings have yet to be set. There was a strong feeling that the meetings should include a discussion of the agencies' compliance with the inflation impact procedures.
8. Maritime Issues. The FMC has written to the President requesting him to exercise his authority to stay or annul an ICC ruling which would subject all intermodal through rates to filing and supervision by the ICC. OMB will work with the White House Counsel's Office to help prepare position and response papers.
9. Cable TV. DCRG members are scheduled to meet separately with representatives of the Cable Operators, Broadcasters, and Motion Picture Producers to discuss the Administration's plans for cable TV legislation.

*Ms. Haas, formerly with the Consumer Federation of America, is now associated with the Community Nutrition Institute in Washington.



Summary of Domestic Council Review Group Meeting

Wednesday, October 15, 1975

The Roosevelt Room

1. Milk Co-ops. Bill Lilly reported on CWPS' review of the effect of regulation on milk prices. He mentioned some encouraging work by an economist now at FTC refuting previous USDA studies. Since Justice, FTC and USDA are also interested in this area CWPS will develop a plan to coordinate these efforts. They will also summarize the work done to date. Due 10/29.

2. Financial Institutions Act. Steve Gardner, Deputy Secretary of the Treasury, reported on the status of congressional action on FIA. The Senate Banking, Housing and Urban Affairs Committee unanimously reported out a bill which contains many of the Administration's proposed reforms. Treasury expects floor action later this month. On the House side, they expect Reuss to hold hearings in February and March and committee action on a bill in April. There was brief discussion over some of the specifics such as the proposed 1 1/2 year Treasury study regarding interest on demand deposits.

3. Truck Bill. Stan Morris announced we are now shooting for submission of the bill on October 28 or 29. He mentioned that comments were being prepared by the Teamsters and trucking firm executives who attended the recent White House briefings. In general, they oppose various parts of the bill but appear to accept the fact that the Administration is committed to its submission.

4. Fair Trade. The Senate Judiciary Committee has still not considered the fair trade repeal legislation. It appears that other events continue to crowd it off their calendar. However, Senator Hruska is urging its consideration as soon as possible.

5. Robinson-Patman/Predatory Pricing. The Domestic Council has agreed to sponsor a hearing and the Justice Department is compiling a proposed witness list. The remaining questions are timing--either early December or in January--and who pays for the expenses incurred. A meeting will be scheduled with Paul MacAvoy and OMB later this week to agree on final plans and identify the economic experts to be asked to prepare materials.



6. McCarran-Ferguson. Justice is drafting legislation to remove antitrust immunity for the insurance industry and apply the Sherman Act to private premium or commission rate fixing activities. It will not rule out maximum rate authority for the States. Once developed, the proposal will be put through the normal legislative clearance process and scheduled for EPB discussion to determine whether informal briefings should be held with industry representatives. Draft due in two weeks.

7. Cable T.V. A meeting with broadcast industry representatives to discuss issues on cable legislation--pay cable and retransmission--is scheduled for Thursday, October 16, 1:30 in the Roosevelt Room. A separate session with the motion picture industry is set for Monday, October 20.

8. Dependent Agencies. Paul Leach and Paul MacAvoy reported on the meeting with Secretary Mathews of HEW. Still to be scheduled are EPA and FEA.

9. Speeches and Press. Margaret Earl handed out a list of possible speaking engagements and asked for volunteers. She also mentioned that Domestic Councils' Fact Sheet on regulatory reform had been printed and sent as an Editor's mailing along with the air bill materials. The Press Office plans a similar distribution to White House staff and sub-cabinet officials.

10. Other.

- Stan Morris mentioned that there is a good possibility that ACA legislation will be sent to the White House in November.
- Sid Jones reported Treasury's position on the S.E.C. Rule 394 action--that this is "not the time to change 394".



MEETING WITH DUNHAM AND LEACH
ON REGULATORY REVIEW GROUP
Tuesday, September 2, 1975
3:30 p.m.

Mr. Cannon's Office



THE WHITE HOUSE
WASHINGTON

~~October 29, 1975~~

Regulatory Reform

Action

MEMORANDUM FOR:

JIM CANNON

FROM:

PAUL LEACH *Paul*

SUBJECT:

Very
Regulatory Reform Letter
to Coleman, Butz, Mathews,
Dunlop and Train

Attached is a draft letter to the five key Executive Department and Agency heads.

*parts of
Cabinet
meeting*

Oct 8, 1975




TO: William T. Coleman, Secretary of Transportation
F. David Mathews, Secretary of Health, Education
and Welfare
Earl L. Butz, Secretary of Agriculture
John T. Dunlop, Secretary of Labor
Russell E. Train, Administrator, Environmental
Protection Agency

Dear

on Oct 8
As you know, I am seriously concerned with the growing problems posed by regulation in our society. To emphasize this concern, I met on July 10 with the Commissioners of the ten Independent Regulatory Commissions. Subsequently at several cabinet meetings, I have indicated that I also expect regulatory improvements within the Executive Departments and Agencies.

So that my concern over regulatory reform will lead to specific, continuing improvements in your Department (Agency), I asked several members of the Domestic Council Review Group on Regulatory Reform to meet with you to discuss the opportunities for reform within your Department (Agency). I understand that meetings have taken place and that you will be continuing to work with the Regulatory Reform Review Group as your Department (Agency) pursues reform initiatives over the coming months.



Now that you have started a substantial reform effort, I would like you to provide me with a written report on your reform goals and plans. Specifically, by December 1 I would like to know what your Department (Agency) has done and plans to do:

- To reduce regulatory delays;
- To improve the use of benefit/cost analysis in regulatory decision making;
- To respond to valid consumer concerns; and
- To eliminate outdated or unwise regulation.

Needless to say, I am not asking you to dismantle necessary health and safety regulation, but rather to improve the substance and process of regulation. In this first and later reports, I will be most interested to learn of your efforts to deal with this problem which is also of serious concern to the Congress and the American people.

Sincerely,

GERALD R. FORD