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THE WHITE HOUSE  
WASHINGTON

March 2, 1976

MEMORANDUM FOR THE VICE PRESIDENT

FROM: EDWARD C. SCHMULTS *EC*  
SUBJECT: Domestic Council Review Group Paper  
on Regulation

The Domestic Council Review Group on Regulatory Reform has been attempting to prepare a paper setting out the need for further reviews of government interventions in the private economy.

Attached is a draft of the DCRG's thought paper. After we have received further comments on this, we might consider making it available to the participants who would be attending the White House meetings on regulatory reform. I would appreciate any thoughts you have on the content or potential use of this paper.

cc:

Jim Cannon ✓  
Bill Seidman  
Bill Baroody  
Jack Marsh



Government's Role in the Economy:  
The Need for Reform

The Issue

A wide ranging program of governmental reform can not be successful without a clear understanding of the costs and benefits of Federal intervention in the private economy. To a large extent, the economic benefits are well known to those who enjoy them. But not enough people are aware of the costs created by the Federal government's attempts to reach some desired goal by regulating, subsidizing or in other ways influencing the behavior of private firms and individuals. More research is needed to document the costs and benefits, and a larger audience must participate in the debate over possible reforms. This paper attempts to provide some background thoughts on these problems.

Background

The basic tenets of the American economic system have generally been considered to be private ownership, the profit motive, and the market place as the proper mechanism for setting prices, allocating resources, and ensuring long term economic growth. However, a real strength of our economic system has been that it has not been bound by rigid ideological classification. Rather, it has been flexible and evolving, permitting pragmatic approaches to complex and changing economic problems.

Over the years, there has been a tendency for government to become more involved in regulating the functioning of the market system and controlling private behavior to meet a wide variety of social goals. In responding to economic or social problems, government has increasingly come to intervene in the market place using such tools as direct subsidies, special tax or credit preferences, and a wide range of regulations. At various times, these tools have been used to curtail monopoly, to protect developing industry, to allocate scarce resources, to achieve a government determined sense of equity, and to protect public health and safety. In almost all cases, the purposes that government first sought to achieve remain important priorities. Quality air transportation, fair opportunities for small businessmen, and a safe work environment are no less important today than they were when major regulatory programs were first enacted. However, it appears that the means government has chosen to reach those ends have not always worked as well as they might, and in some cases, have cost the economy more than they returned in benefits.



The debate on government regulation and the role of government is not new. The need for reform has been recognized by every President since Harry Truman. Since that time, seven major studies of competition and regulation have been commissioned. However, no real change in the pattern of regulation has resulted. In fact, new regulatory responsibilities have been added because regulation traditionally has been viewed as an inexpensive and politically expedient solution to many problems.

In the past year, government interference in the market place has become a subject of increasing public interest and concern. In part, economic conditions have highlighted the need for a critical examination of government policies and regulations to determine their effect on competition and on business costs and consumer prices. Other national issues such as the energy crisis have called regulatory practices into question. Regulatory reform, which has largely become synonymous with big government reform, has become a popular subject for enlightened public attention.

Notwithstanding the relatively poor ratio of rhetoric to results in the past, the current focus on government reform is encouraging. A variety of circumstances and events has produced what appears to be a highly favorable climate for fundamental reexamination and reform. Serious academic researchers are no longer the only people interested in the adverse effects of an individual regulation or government agency. It appears that there is a growing dissatisfaction with government's attempts to meet all our economic and social needs.

Government is widely criticized as inefficient, overly expensive, and ineffective. A number of people are beginning to recognize that government can no longer solve every problem in a complex society and that there are basic limitations and imperfections inherent in the functioning of bureaucratic institutions. Just as the market system alone cannot always be relied upon to weigh economic costs against public benefits, people are becoming increasingly skeptical that the present government interventions (mainly regulations and subsidies) are in fact serving their intended purposes. And they are starting to question whether some of those purposes remain valid in an economy substantially different from the one in which they were first articulated.



## The Problem

In the regulatory area, government has made use of two basic approaches. First, it has given certain agencies the power to establish detailed controls over prices and the structure of particular industries, some of which are potentially very competitive. Interstate Commerce Commission regulation of trucking rates and route structures is an example of this approach. Second, government has more recently created large new bureaucracies with broad legal authorities designed to achieve a particular social goal (clean air, for example) through detailed standards and policing authority over many industries. The Environmental Protection Agency is such an agency.

Both approaches have received increased criticism as some government policymakers begin asking critical questions. Must competition be suppressed to the extent that it has in many industries in the name of protecting "reliable" service to the economy? Must we rely only on legal compulsion and detailed compliance standards to achieve important social goals? How can we insure that relatively new government programs do not quickly develop many of the same symptoms of inefficiency that are apparent in older bureaucracies?

Public control over private markets is primarily exercised through rulemaking or standard setting. Like all forms of government intervention, these processes rely on "advocacy government", a system in which special constituencies petition government for some kind of preferential treatment. Such a system permits highly organized special interest groups to exert powerful influence on government decisionmakers. Furthermore, most agencies concentrate on achieving a single goal and consequently pay too little attention to balancing these single purpose objectives against other equally important ones, (e.g., energy vs. environment vs. economic growth). As a result, government policies may bear little relationship to either social benefit or economic cost. This problem is not clearly perceived by the general public because the costs and benefits of a particular program or policy are often too diffused throughout the population to arouse the concern or interest of individual citizens. Each person may be aware of the problem, but hopes that his neighbor will do something about it.

Government policies often represent a series of compromises made in response to pressure from groups representing only small specialized segments of American society. As David Broder





of the Washington Post recently observed, the strongest political-economic force in America today is the "triangle" formed by Congressional Committees which authorize and fund programs, the bureaucrats who administer them, and the interest groups which receive the benefits.

Any effort to rectify these problems faces serious obstacles. Special interest groups vigorously oppose any effort to change the status quo. Not only are people naturally reluctant to forego the known environment in favor of new uncertainties, but particularly in industries where government has controlled rates or awarded franchises, many firms have paid a price for the right to participate in a given market. For example, radio and television stations are bought and sold on the understanding that Federal regulations will permit only so many channels in any given market.

In addition, segments of the general public benefit from some existing regulations and will oppose their change. The Federal Government's regulation of interstate natural gas has held the price down despite increasing costs of production and exploration. In the recent Congressional debate over this issue, opponents of deregulation cited the impact of rising prices on consumers. If change in this area is going to occur, more people must understand that long term economic efficiency and market determined prices will require some gradual short term sacrifices.

And the Congress itself represents a major hurdle. Laws protecting some firms against competition have been used as a way to help support special interests without exposing these preferences to an open debate. Rather than force the regulators to justify their actions as necessary to promote competition, Congress has given these bodies powers to restrict competition, on the assumption that their actions will insure more reliable and economical public service. The burden of proof now falls to those who advocate more competition, rather than less.

#### Administration Attempts at Reform

The issues involved here are highly complex and too often viewed by the public as distant from their basic concerns. It is extremely difficult to simplify the problems and make them appear as critical and urgent as is necessary to attain broad public understanding.



Nevertheless, in the past year, the Ford Administration has initiated an effort to reexamine and reduce government regulation. Because relatively more work has already been done to document the failures of economic controls in highly regulated industries (banking, transportation, etc.), the initial legislative proposals seek to reverse past trends in these areas and rely more heavily on competition. They are attempts to design government policies which supplement competition, rather than supplant it. The Administration does not view regulation and competition as incompatible. In short, the objective of the present reform effort is to find a better blend of constructive competition and responsible government regulation. The Administration believes that assigning competition a more important role is one way to encourage greater efficiency in the market system. In turning to competition, the Administration continues to be concerned with other public interest goals for example, a sense of equity, efficient markets, public safety, or reliable and honest service. But we question whether meeting these goals requires competition to be suppressed to the degree that it has been in the past.

Economic controls are only part of the picture. With the best of intentions, government has built a system of health and safety regulation which requires thousands of Federal and State employees to enforce the mandatory standards and detailed specifications. In the past, insufficient attention has been given to the costs such regulation imposes on the economy. It is possible that new and better alternatives are available to meet these important social goals. Such possibilities must be explored.

The Administration is grappling with ways to expand the scope of the present effort to address both safety and health regulation and the broader issue of government's role in the economy. In order to provide an understandable rationale for government action (and a means to judge what reforms are most needed), the Administration is trying to better articulate its long term goals. They include: restoring individual choice and initiative as principal objectives of public policy; reducing government intervention in the private sector; acknowledging that scarce economic resources must be used most efficiently to achieve desirable social goals at minimum costs; directing public expenditures to the benefit of the broadest possible public interest and assuring efficient and equitable enforcement of government policies and programs; and minimizing the ability of special interests to obtain preferential treatment from government at the expense of the public good.



However, merely identifying abstract goals is only a beginning. An intelligible framework is needed to continue fact gathering and analysis, to help explain the Administration's thinking to the public, and to present a unified strategy to the Congress and Federal agencies responsible for the creation and execution of government regulatory programs.

### The Current Environment

The Administration is not alone in recognizing that government interference has too many facets and affects too many people to permit a piecemeal approach to the problems. A number of concerned Congressmen and Senators have recently introduced legislation which, if enacted, would require major changes in the conventional practices of Federal regulators. Some bills would give Congress the authority to veto proposed regulations. Other bills call for the immediate or phased abolition of selected agencies. More comprehensive bills propose that all agencies be subject to a zero-base authorization review in Congress on a periodic schedule. Still other bills would create new offices within Congress to review specific agencies and/or regulations, to mandate new guidelines for regulatory personnel, or to require agencies to act within certain deadlines in order to avoid the problems of delay which characterize so much of the Federal government's activities.

Another important category of legislation calls for the creation of special economic planning organizations to propose comprehensive objectives for the Nation and detail measures necessary for achieving those goals. And lastly, other legislation seeks to make the President responsible for proposing a series of annual plans designed to amend the authorities of a number of agencies responsible for controlling certain industries (e.g., transportation) or achieving certain goals (e.g., equal employment opportunity).

All of these bills provoke us to speculate that the Congressional mood may be slowly shifting. More attention seems to be focusing on the fact that numerous government regulations, as well as subsidies and tax or credit preferences, have a compound effect on the health and productivity of the Nation's economy. What is needed is some means to inventory these effects and determine what changes ought to be made for the benefit of the Nation as a whole.





## Next Steps

The Federal government now faces a number of tough questions in attempting to lay out a plan for improving and expanding its present regulatory reform effort. It needs to have some criteria in mind in order to choose potential target areas for investigation and make consistent recommendations for change. In every problem area there is a variety of policy tools available to those who advocate change. What mixture of legislation, administrative reforms, or increased judicial oversight will be most effective in achieving a desired end?

There is a clear need to improve our understanding of the cumulative effect that government laws and regulations have on the private economy. The government's piecemeal approach to problem solving and its failure to reexamine yesterday's solutions in today's environment makes reform difficult. What is the best method for identifying the most costly inefficiencies or contradictions which exist? Would a comprehensive review of government regulations, subsidies, tax and credit preferences be feasible, or desirable? If so, should such a review be organized to look at the total impact of all agencies on individual industrial sectors, e.g., banking, mining, etc.? Or should it concentrate on identifying certain agencies' impacts, e.g., EPA, the ICC, or the Consumer Product Safety Commission? Or should it follow the example set by two recently commissioned efforts to take a single product or service (e.g., steel, consumer financing) and attempt to develop a "cradle to grave" assessment of all Federal policies which affect the ultimate price of these items? All three approaches have certain advantages; which stands the most chance of developing useful information which could be presented to the President and the Congress together with recommendations for change?

We hope to be able to develop a discussion which will sharpen the objectives of the present program and help answer some of these difficult questions. We hope that debate on these issues will lead to a clearer consensus on what steps are most necessary to help reduce wasteful or inefficient government interference in the private economy.



THE WHITE HOUSE  
WASHINGTON

March 11, 1976

MEMORANDUM FOR BILL SEIDMAN

THROUGH: JIM CANNON

FROM: ED SCHMULTS

The attached paper outlines several alternatives for a short term task force on regulatory reform which the DCRG and senior staff discussed with the President at a meeting on February 4.

I recommend that it be provided to all members of the EPB for their study and that the alternatives be discussed at an EPB meeting perhaps during the week of March 15.

Attachment



Discussion Draft  
March 4, 1976

A Task Force Proposal  
For Improving Agency  
Regulations

On February 4, Ed Schmults and several members of the regulatory reform group reviewed with the President the need for a two pronged attack on Federal regulatory problems. Part of the discussion centered on a proposal for a longer term review of government's role in the economy. A majority of the discussion focused on a shorter term project designed to improve agencies' existing regulations and procedures, without necessarily calling into question their legislative purpose.

I. Background

Last July, the President outlined a four point program of substantive and procedural improvements to be followed by the ten independent commissions. Although measurable progress has not been as abundant as we would hope, most of the Commissions' December 31 reports contained reasonable, and in some cases laudable, improvement goals.

However, a number of the major Executive Branch agencies (USDA, DOT, HEW, Labor, EPA, FEA) have not demonstrated an equal commitment to improving their procedures or developing alternatives to their present regulatory authorities. Although several Departmental groups have been established to review procedures and make recommendations, little demonstrable progress is evident.

In the February 4 meeting, the President voiced his strong belief that meaningful changes will not be achieved if these Executive agencies are left to their own devices to adhere to the Administration's regulatory reform program. Many of the bureaus within Departments (e.g., FAA, APHIS) function almost independent of their Cabinet Secretary. There are strong bureaucratic and outside constituencies which resist the Departments' efforts to reorganize or improve their functions. And because many of their mandates deal with health or safety issues, Congress is quick to react to any threat of "meddling" in these areas.



However, the President stated that he wants to see demonstrable progress over the next year, and wants the agencies to concentrate on streamlining their procedures and making their regulations more understandable. The key to the success of such an effort will be:

- (1) What objectives are set;
- (2) What agencies are chosen as targets;
- (3) What kind of organization is chosen to complete the job and who is accountable for success.

## II. Objectives of the Effort

In order to achieve maximum benefit in a short period of time, a task force would have to carefully define the scope of its inquiry. The President has voiced concern that regulatory proceedings require too much time and that the end product is often too complex and unintelligible for even sophisticated companies and institutions to comprehend. It should be pointed out that enforcement of many regulations is also an important procedural problem. Ambiguous or overlapping regulations often lead to inequitably applied and inefficiently managed follow through.

With this general guidance, we recommend that the task force limit its inquiry to one of the following two areas.

### 1. Improving the clarity of Existing Regulations

- (a) Inventory all existing regulations in the area selected for review.
- (b) Identify those regulations that have the largest impact (by number of entities forced to comply, estimated costs of compliance, size of government bureaucracy overseeing program, etc.).
- (c) Spell out existing jurisdictional and regulatory language overlaps, contradictions, or ambiguities.
- (d) Recommend to the agency head and advisory panel a specific plan to simplify and re-publish an updated text of all related agency regulations, to include a clearly annotated index, easily understood language, examples (where appropriate), guides to offices responsible for interpretations, etc.





- (e) Recommend to the agency head and advisory panel a clear set of procedures to keep the annotated regulations up to date and a set of procedures, priorities, and timetable for continuing the agency's review of other regulatory areas of responsibility.
  - (f) Recommend to the agency head and advisory panel a plan for improving the clarity and precision of any regulations that must be adopted in the future.
2. Improving Agency Procedures. The task force could work to accomplish the following steps to identify needed improvements in agency procedures.
- (a) Document existing statutory authorities for the agency(ies) and the major regulatory programs arising from them.
  - (b) Analyze existing agency management procedures for (i) identifying potential problems requiring regulations, (ii) assigning resources for studying the problems, once chosen, (iii) establishing and meeting management deadlines for a logical sequence of fact finding and determination steps, (iv) assigning enforcement personnel, (v) monitoring and evaluating compliance.
  - (c) Identify major points of controversy (e.g., delay, lack of factual information) in recent agency proceedings to determine sources of criticism, legitimacy of complaints, and need for agency procedural changes.
  - (d) Specify to the agency head and advisory board a detailed management plan for the agency to follow in future proceedings.

Decision:    Option 1 \_\_\_\_\_

                 Option 2 \_\_\_\_\_



### III. Targets of Opportunity

A critical part of any study such as this is choosing the right target(s) to review. There are a number of important criteria against which any plan should be tested. They are:

- (a) availability of knowledgeable staff;
- (b) receptivity to change within the agency;
- (c) magnitude of agency's regulatory impact;
- (d) congressional interest in seeing problems rectified;
- (e) complexity of agency's regulatory authorities; and;
- (f) likelihood of achieving results in the time the President has requested (one year).

Some of these, of course, will be contradictory. An agency with perhaps the greatest impact (IRS) is not the one in which change could be effected most quickly.

Nevertheless, a decision will need to be made on which agency(ies) to approach. We recommend that two task forces be developed to plumb a limited number of agencies (sequentially or in tandem, depending on the availability of personnel resources.) We feel it would be most useful to approach a limited number of agencies (or bureaus within them) to do a thorough and credible job. It is better to accomplish a "do-able" task well (particularly at the beginning of such an effort) than to try to spread resources too thin.

A limited study may raise the challenge from the target agencies "why pick on us"? However, if results are to be obtained, the program must be designed in such a way that the job can be accomplished and the improvements made known to other agencies, Congress, and the public in an understandable and defensible package.

#### A. Possible Targets

1. New regulatory activities - it is usually easier to improve upon bureaucracies before they are set in concrete and bad habits have become institutionalized. Two new regulatory areas, FEA and ERISA ( The New Pension Reform Legislation) are possible targets. The disadvantages of this approach are the complexity



of the issues and the fact that success is hard to demonstrate in simply avoiding bad regulations. However, there are clearly potential negative effects in these areas without such attention.

2. Highly visible effort - As problem regulatory agencies within the Executive Branch, EPA and OSHA will probably be considered at the top of almost everybody's list. Their activities are pervasive and costly. An effort in this area would clearly be viewed as important. However, success in these agencies would be very difficult to achieve. They are complicated, strong vested interests are involved, and some amount of intransigence within the agency should be expected.
3. Low Visibility High Success Effort. there are some agencies that because of interest on behalf of the leadership or prior work in the area, a greater chance of success is possible. However the "easy" targets are not the most visible. For example, the Customs Service or the Bureau of Alcohol, Tobacco and Fire Arms have regulatory responsibilities and successful changes might be achievable. Unfortunately, most people and businesses seldom come in contact with them, so that even fundamental reforms would not be viewed as very important.

Decision: Option 1 \_\_\_\_\_

Option 2 \_\_\_\_\_

Option 3 \_\_\_\_\_

#### IV. Task Force Organization and Responsibility

##### A. Organization

There appear to be three general alternatives here: (a) a "Blue Ribbon" panel of people from outside government to direct the work of staff recruited from outside government; (b) an advisory panel of government, consumer, labor and business interests to oversee the work of government employees detailed to perform a specific function; (c) an all government task force under a single policy official.



1. Blue Ribbon Panel with Private Sector Staff. The major advantages of this method would be (a) the public perception of the group's objectivity; (b) the Panel's willingness to accept and endorse recommendations from staff without an axe to grind; (c) the possibility of attracting highly qualified and energetic professional talent to serve for a limited period of time under a high visibility project with a major Presidential imprimatur; (d) the higher probability that if successful, the work of the initial panel could serve as a model for continuing work within existing government agencies.

Some important disadvantages are (a) outside recruitment would probably require special funds and take time to get the effort underway; (b) bringing outside staff "up to speed" with the problem and the agency could be a difficult process, requiring more start up time; (c) it is uncertain whether highly qualified and motivated people could be found to serve on a project that might be viewed as less important than the substance of regulation; (d) it would be harder to control the content and quality of the work product and the target agency(ies).

2. Public/Private Sector Advisory Group with Federal Agency Staff. This alternative calls for establishing a multi-discipline advisory group, staffed by full time detailees from Executive offices, the agency(ies) under review, and other agencies which can provide needed expertise (e.g., Bureau of Standards, Administrative Conference, Federal Register, etc.). The key advantages of this method are: (a) the effort could be organized and begun quickly, (b) it would not necessarily require special funding; (c) it would require a minimum of staff start-up time (assuming knowledgeable people were chosen) and (d) it would give the President maximum flexibility to determine what targets to choose, with what emphasis, and in what order of priority.

The major disadvantages are (a) good staff are scarce in most agencies and Departmental leaders will probably be reluctant to release their best





people; (b) a multi-agency staff could suffer from divided loyalties to parent organizations and would not necessarily have a strong enough influence to overcome resistance from the target agency(ies).

3. A Strictly Government Task Force. One or more task forces could be set up under the overall leadership of a single policy official and staffed as in (b) above. The advantages and disadvantages are the trade off between outside perspective and inside expertise, the speed with which a team could get started, and a perceived sense of "due process".

Decision: Option 1 \_\_\_\_\_

Option 2 \_\_\_\_\_

Option 3 \_\_\_\_\_

#### B. Responsibility and Accountability.

Regardless of which alternative is chosen there are a number of key ingredients to success. They are: major Presidential interest and participation in setting up the task force; a strong chairman with sincere interest and proven ability to manage; combination of expertise and background for staff who must be chosen for their interest and capacity to work hard on a difficult problem; a clearly articulated study plan, with reasonable but demanding deadlines; a "no holds barred" mandate from the agency head; and a recognizable incentive for the government and/or private staff chosen to participate.

Clearly to achieve success, specific accountability must be assigned. If either option 2 or 3 above are chosen, the lead responsibility must be in the government.

There are at least three possible choices. The responsible agency will be to some extent determined by the objectives of the effort.



1. The Administrative Conference - The Conference has the legal authority to improve administrative procedures and its board is made up of a broad cross section of experts in administrative laws and government. Whether the Conference has the ability to undertake such an effort, however, would need to be explored.
2. The Small Business Administration - The detrimental effects of government regulation generally hit small business the hardest. An effort lead by SBA would have the advantage of being viewed as an effort to relieve the small businessman from unnecessary requirements and make it easier for him to understand and comply with key regulations. SBA's relationship to the small business community could also be tapped to help identify problem areas. The disadvantages to this approach are that SBA has no special expertise or interest in this area.
3. Executive Office leadership - OMB, CWPS or the Domestic Council could be chosen to lead the effort. This has the advantage of a broad government-wide policy overview and a somewhat greater chance of success. However, these agencies are constantly overtaxed and understaffed and probably could not devote sufficient attention without dropping other high priority efforts.

Decision: Option 1 \_\_\_\_\_

Option 2 \_\_\_\_\_

Option 3 \_\_\_\_\_

Following discussion on all of these issues, a Decision Memorandum will be prepared for the President.



THE WHITE HOUSE  
WASHINGTON

March 15, 1976

*Subject*  
*Reg. Reform*  
*Anti Trust*

MEMORANDUM FOR: PHIL BUCHEN  
FROM: JIM CANNON *Jm*  
SUBJECT: Antitrust Position

I agree that the President's position on anti-trust policy is not well understood. Since the President's record is quite positive and his policy inclinations seem to be toward tough, fair antitrust law enforcement, I support the idea of a major Presidential address on antitrust policy.

Since this ties in well with the President's regulatory reform initiatives (i.e., more reliance on competition policed by the antitrust laws), the theme of economic regulation reform might also be raised.

Finally, if a decision to give a speech is made, there should be a review of possible new initiatives.



FEB 25 1976

THE WHITE HOUSE  
WASHINGTON

*Comments due*  
*Copy to Leach*  
*March 15*

*3/15*

February 24, 1976

MEMORANDUM FOR:

JIM CANNON  
ALAN GREENSPAN  
ED LEVI  
JIM LYNN  
JOHN MARSH ✓  
BILL SEIDMAN  
BILL SIMON

FROM:

PHIL BUCHEN *P.W.B.*

SUBJECT:

Administration Antitrust Policy

ISSUE

There has been growing popular and Congressional interest in increasing market competition and improving antitrust procedures and enforcement. The Administration has a good record in this area, but it appears to be that we are being much too reactive to Congressional actions. Instead of having a clearly articulated, positive antitrust policy that aids in shaping the growing public debate, we appear passive and damage-limiting. I think we should give serious consideration to clarifying and effectively communicating the Administration's policy in this important area.

BACKGROUND

The President has taken a strong and aggressive stance in the area of antitrust enforcement. In his first major economic address of October 8, 1974, he called for legislation to increase the penalties and improve the procedures for antitrust enforcement. His program of regulatory reform has called for an elimination of the anti-competitive practices of the transportation rate bureaus, elimination of price-fixing sanctioned by Fair Trade laws, and greater competition between banks and savings and loans. Resources for the FTC's Bureau of Competition and the Antitrust Division have been increased by over 50% in the two Ford Administration budgets. In addition, the Justice Department has been





working with the Congress to improve a range of legislative proposals such as Parens Patriae, pre-merger notifications, and the Hart-Kennedy Competition Test legislation. The President also has an excellent record on Free Trade which is one of the best stimuli for market competition. Despite this considerable record, many view the Administration as having no coherent antitrust policy. Oil company divestiture proposals appear to be gaining momentum, and the Democratic Presidential Candidates are competing with one another over their support for this legislation and their enthusiasm for more aggressive antitrust enforcement. I believe the President's record deserves a better articulation than it has received to date.

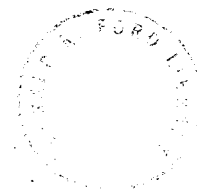
The President has put a major emphasis on a more fundamental view of antitrust, which goes back to its original purpose -- keeping the economy open and free -- particularly in his August 25, 1975, address.

Unfortunately, this Presidential address did not receive the press attention that it deserved. One reason was that this antitrust view followed a lengthy treatment of capital formation issues and proposals. Excerpts from this address and other statements the President has made on this subject are attached.

I would like your views on whether we should raise to the President the need for better articulating our antitrust policy in a major Presidential address. If we decide this makes sense, there might also be new areas that the Attorney General would recommend for inclusion.

May I please have your comments by March 15th.

Attachment



Presidential Statements on Antitrust

Listed below are the President's remarks on the importance of antitrust enforcement activities from his earlier speeches.

To increase productivity and contain prices, we must end restrictive and costly practices whether instituted by Government, industry, labor, or others. And I am determined to return to the vigorous enforcement of antitrust laws.

The President's Address delivered before a joint session of the Congress. October 8, 1974.

All of the initiatives toward regulation should be accompanied by vigorous enforcements of antitrust laws. Vigorous antitrust action must be part of the effort to promote competition.

Remarks of the President at the White House Conference on Domestic and Economic Affairs. Highway Hotel. April 18, 1975.

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

President Ford, Vice-President Rockefeller, with Members of the Cabinet, and Independent Regulatory Commissioners. July 10, 1975.

This Administration...will strictly enforce the Federal antitrust laws...

President's State of the Union Address. January 19, 1976.



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...

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

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 antitrust 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 price cutters.

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-- an 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.

Remarks of the President to the  
American Hardware Manufacturer's  
Association. August 25, 1975.

THE WHITE HOUSE

WASHINGTON

March 15, 1976

MEMORANDUM FOR:

~~JIM CANNON~~ Phil Bucken

FROM:

~~PAUL LEACH~~ Paul Leach

SUBJECT:

~~PHIL BUCKEN~~

Antitrust ~~Law~~ Patton

*The President's*  
I ~~would~~ agree that the President's position on anti-trust policy has not been articulated very well. Since his record is quite positive and his policy inclinations seem to be toward tough, fair antitrust law enforcement, I ~~would~~ support the idea of a major Presidential address on antitrust policy.

Since this ties in well with the President's regulatory reform initiatives (i.e., more reliance on competition policed by the antitrust laws), the theme of economic regulation reform might also be raised.

Finally, if a decision to give a speech is made, there should be a review of possible new initiatives. ~~This might be a useful endeavor for the Regulatory Reform Review Group.~~

*as well as it should*

*is not well understood,*







THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

March 23, 1976

Honorable James T. Lynn  
Director, Office of Management  
and Budget  
Washington, D.C. 20503

Honorable James M. Cannon  
Assistant to the President  
The White House  
Washington, D.C. 20500

Gentlemen:

In response to your inquiries regarding the Department's efforts to improve the effectiveness of our regulations, I am sending you a policy memorandum which I have issued to the heads of all elements of the Department which report to the Secretary. The requirements in these policies are aimed at improving the quality and early use of analysis in developing regulations, strengthening the opportunity for Secretarial review of major regulatory proposals, and providing systematic means of reviewing existing regulations. There is a similar requirement for grant program implementation.

These policies reflect my belief that, as a general rule, regulatory policy should continue to be developed by DOT Operating Administrations where expertise, experience, and sensitivity to changing circumstances are concentrated. They also reflect my view that a Department-wide effort is needed to assure that regulations are thoroughly considered before they are issued and that intermodal concerns and the overall directions of our policies are reflected in our regulations.

Briefly, the new policies require:

- (1) that Administrators calculate and consider costs to government, the private sector and consumers as well as other impacts before proposing a new regulation and that a summary of such analysis be published in the Federal Register when the regulation is proposed or finalized;
- (2) that Administrators notify the Secretary of the need for, the substance of, and anticipated consequences of costly or controversial regulations at least 30 days before they are proposed or finalized;
- (3) that each element of the Department establish a systematic means of reviewing existing regulations to assure that they still make sense.

I believe that application of these policies will meet the President's concern for improving the effectiveness of our regulations.

Sincerely,

*Bill*

William T. Coleman, Jr.

Enclosure



UNITED STATES GOVERNMENT

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

*Memorandum*

DATE: March 23, 1976

SUBJECT: Departmental Regulatory Reform

In reply  
refer to:

FROM : The Secretary

TO : Secretarial Officers  
Heads of Operating Administrations

Comprehensive regulatory reform is a major policy thrust of President Ford. In the past year this Department has developed legislation to bring needed changes to Federal economic regulations governing the air carrier, railroad and motor carrier industries. We must also take steps to ensure that regulations issued by the Department are sound and do not impose unnecessary burdens on the private sector, on consumers, or on Federal, State and local governments.

The Operating Administrations have already made some important improvements in their regulatory procedures. The strength and integrity of our regulatory framework depends on maintaining responsibility for formulation of regulatory policies in the Administrations where expertise and experience are concentrated.

At the same time, there is a need for a Department-wide effort to reinforce these initiatives and to carry out our overall Departmental responsibilities. Our regulatory proposals are ultimately the responsibility of the Department as a whole. We must be certain that they are supported by adequate analysis of their anticipated costs and consequences before they are proposed or finalized.

Furthermore, the Department is charged with taking a broad view of the impact of government regulation on all transportation modes. While uniformity is not always possible or desirable, we must be sure that the overall direction of our policies is consistent and that our regulations do not cause unnecessary distortions to modes' competitive opportunities.

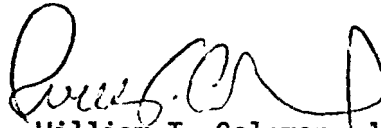
Recognizing the importance of fulfilling our broad responsibilities without impairing initiative in the Operating Administrations, I have reviewed with interest your comments on the policies proposed in my memorandum of January 13, 1976. After considering those comments, I have revised the policies and am hereby issuing them in final form. They are effective May 1, 1976.

I am assigning responsibility for their implementation and for issuing any needed instructions to carry them out to the Deputy Under Secretary for Budget and Program Review. Inquiries regarding their application should be directed to the Office of Planning and Program Review (S-40). Each Operating Administration and Secretarial Office should assign an individual as a contact point for matters arising under these policies. In addition, each Operating Administration should include in its presentation at the Spring Preview a summary of its own implementation of these policies.

Policy Objectives

The objectives of these Department of Transportation policies are:

- (1) To improve the quality of analysis of regulatory proposals and of significant grant program requirements, with particular emphasis on consideration of their costs to the private sector, to consumers, and to Federal, State and local governments;
- (2) To assure the full and early use of such analysis in the development of these proposals and requirements;
- (3) To provide for the timely involvement of the Office of the Secretary in the development of those regulations which are expected to have a substantial impact or to be especially controversial; and
- (4) To provide for regular and effective review of existing regulations and grant program requirements.

  
William T. Coleman, Jr.

Enclosure



DEPARTMENT OF TRANSPORTATION POLICIES TO  
IMPROVE ANALYSIS AND REVIEW OF REGULATIONS

POLICY I

Prior to the issuance of a Notice of Proposed Rulemaking, the originating Departmental element shall evaluate the anticipated impacts of the proposed regulation, use the evaluation results in assessing the desirability of proposing the regulation, and include a brief summary of the evaluation in the Notice of Proposed Rulemaking. Each evaluation shall include an estimate of resulting costs to the private sector, to consumers, and to Federal, State and local government as well as an evaluation of benefits and other impacts, quantified to the extent practicable. Prior to the issuance of a final regulation, the originating Departmental element shall prepare a similar evaluation, use its results in formulating the regulation, and include a brief summary of the evaluation in the publication of the final regulation.

Prior to the adoption of administrative requirements associated with grant programs not issued as NPRM's which involve important policy changes or are expected to result in significant costs to Federal, State or local government, to the private sector, or to consumers, the originating Departmental element shall evaluate the anticipated impacts of the requirement and document the results. Each evaluation shall include an estimate of resulting costs to the private sector, to consumers, and to Federal, State and local government as well as an evaluation of benefits and other impacts, quantified to the extent practicable.

An evaluation is not required if the grant program requirement, or publication of the proposed regulation is expressly mandated by statute, or if the head of the originating Departmental element determines that the expected impact of the proposed regulation or grant program requirement is so minimal that the proposal does not warrant an evaluation. Whenever a determination of minimal impact is made, the head of the originating Departmental element shall provide written notification to the Secretary.

## POLICY II

For those regulations which are potentially costly or controversial, the head of the originating Departmental element shall provide the Secretary with an information memorandum at least 30 days prior to the publication of the Notice of Proposed Rule-making. The information memorandum shall explain briefly the need for the regulation, the substance of the regulation, alternatives considered, and the results of evaluation of the proposed regulation. It shall also summarize the anticipated positions of interested parties, assess consumers' interests, address technological feasibility as appropriate, and provide such other information as is needed to apprise the Secretary of the anticipated impact of the regulation.

In addition, at least 30 days before the final issuance of any regulation which is potentially costly or controversial, the head of the originating Departmental element shall provide the Secretary with an information memorandum advising the Secretary of the impending action.

## POLICY III

Each element of the Department shall establish a system by which those affected by its regulations and significant grant program requirements are provided an opportunity periodically to offer comments, through a structured process, with a view toward assessing whether existing regulations or grant requirements are effective or necessary, or need revision to accommodate changed circumstances and requirements.

## Discussion of Policy I

The purpose of this policy is to assure that the consequences of regulations and of significant grant program requirements are adequately considered early in their development. The policy specifically requires that an estimate be made of resulting costs to government, the private sector, and consumers and that other consequences be quantified to the extent practicable.

The policy is intended to allow the head of originating Departmental element to determine how to integrate this requirement effectively with existing regulatory procedures. It is intended to encourage comprehensive review processes within the operating elements.

Judgment should be exercised by the head of the Departmental element so that resources and time devoted to analysis reflect the importance of the proposal. Many proposals will not justify a highly sophisticated analysis. The policy is intended to encourage the use of Advance Notices of Proposed Rulemaking and Policy Development to gather information on which to base an evaluation, as reflected in the Department's proposed Consumer Representation Plan.

Regulations which fall within the emergency rulemaking provisions of the Administrative Procedure Act (5 USC 553(b) B), and which therefore are not issued as NPRM's, are excluded from this requirement of prior evaluation, but should be given the same evaluation as soon as practicable.

Significant grant program requirements not issued as NPRM's are included in the policy because they may have major policy and cost implications. This policy does not apply in situations where the authorizing statute

does not allow the Department any discretion in the substance or impact of the requirement.

Publication of summaries of the evaluations of regulatory proposals is required to provide a starting point for constructive debate about the final adoption of the proposals.

### Discussion of Policy II

The policy is intended to afford the Secretary an opportunity to review regulatory proposals of substantial impact in light of the Department's overall responsibilities before they are proposed. The broad terminology of the policy is intended to allow the heads of Departmental elements to judge when the anticipated impact of a proposed regulation warrants notification of the Secretary. Examples of factors which could be considered in making that determination are substantial public or Congressional interest in the proposal, anticipated impact on other transportation modes or on the activities of other Federal agencies, considerable burdens on State or local governments, on a particular industry, or on consumers, or anticipated requirement of significant additional Federal resources.

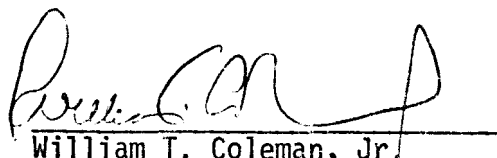
Administrative requirements associated with grant programs which are not issued as NPRM's are not included in the policy because present arrangements by which Departmental elements confer with the Office of the Secretary prior to adoption of such requirements are working well.

A 30-day notice requirement has been adopted to allow the Secretary to become involved in the development of a proposal if he deems it appropriate.

If an initial determination is made that a memorandum for the Secretary is not warranted but later information indicates that the proposal will have costly or controversial impacts, a memorandum should be provided whenever such anticipated impacts become known. In any event, a memorandum for the Secretary should be provided 30 days before a costly or controversial regulation is finally adopted.

### Discussion of Policy III

The intent of this policy is that the Department's existing regulations and significant grant program requirements be reviewed in a systematic way to assure that they continue to be sound, that they do not impose unnecessary burdens on the private sector or on government, and that they are revised as expeditiously as possible in response to changed circumstances. It is intended that the interests of consumers as well as those of affected industries and of government be represented in these reviews. To implement this policy effectively, it may be appropriate to restrict the occasion for comment to discussion of a limited number of regulations that appear to be especially in need of review.

  
William T. Coleman, Jr.  
Secretary

March 23, 1976




THE WHITE HOUSE

WASHINGTON

March 30, 1976

MEMORANDUM FOR SENIOR WHITE HOUSE STAFF

FROM: EDWARD C. SCHMULTS   
SUBJECT: Regulatory Reform Status Report

Attached is the latest update to the Regulatory Reform Status Report. As I indicated to you, I will periodically send you the latest update in order to keep you informed about the Administration's program, Congressional activities and other related events.

Highlights of this report include:

- Hearings on the Aviation Act are scheduled to begin in the Senate next week. The Administration has developed an amendment to the bill to propose a subsidy for service to small communities. Secretary Coleman, Secretary Simon and other Administration officials will be testifying next week.
- A second meeting of the President and a group of the commissioners from the ten independent regulatory commissions has been scheduled for April 8, 1976 to discuss administrative reform efforts.
- The proposal for short-term task forces to achieve reforms within executive branch agencies was discussed at the EPB on March 26, 1976. The proposal for a long-term, comprehensive review of the regulatory system will be discussed by the EPB on April 2, 1976.
- The House Judiciary Committee will mark-up H.R. 39, the C.I.D. bill, on March 31, 1976.

I would be glad to discuss any comments or suggestions you may have.





1976

REGULATORY REFORM STATUS REPORT

March 26, 1976

REGULATORY REFORM (GENERAL)

Speeches	Groups
Meetings	Studies

ECONOMIC REGULATION

Financial Institutions	Prevailing Wage	Agriculture
Transportation	Communications	
Restraint of Trade	Patents	
Antitrust & Competition	Energy	

ADMINISTRATIVE STRUCTURE AND PROCESS

General  
Inflation Impact  
Consumer Representation  
Forms Reduction

HEALTH AND SAFETY REGULATION

STATE AND LOCAL REGULATION

\*INDICATES A NEW OR REVISED ENTRY

	ACTION IN THE ADMINISTRATION	ACTION IN THE CONGRESS	ACTION IN THE INDEPENDENT AGENCIES, THE COURTS, etc.
REGULATORY REFORM (GENERAL) Presidential Speeches 1976.	--State of the Union, Jan. 9, 1976. --Message to the Congress transmitting the Economic Re- port, Jan. 26, 1976. --Remarks and statement upon signing the Railroad Revital- ization and Regulatory Reform Act, Feb. 5, 1976.		

	ACTION IN THE ADMINISTRATION	ACTION IN THE CONGRESS	ACTION IN THE INDEPENDENT AGENCIES, THE COURTS, etc.
Meetings	<p>--July 10, 1975 meeting with the Commissioners of the Independent Regulatory Commissions. Progress reports have been received from all the independent agencies. A summary of the reports has been circulated to the DCRG for comment and sent to the President. A follow-on meeting has been scheduled for April 8, 1976*</p> <p>--The Commerce Department held regional hearings in Dec. and Jan. on regulatory problems. Commerce is now preparing a summary and analysis of the hearings.</p> <p>--A series of meetings with academicians, journalists and others will be held in the near future to discuss the future direction of regulatory reform. The meetings may be chaired by the Vice-President.</p> <p>--A review of the current program and reference materials on regulatory reform has been distributed to Administration officials. A Subcabinet briefing will be held in the spring.</p> <p>--AEI sponsored a meeting of economists to discuss the role of government in the economy on March 26, 1976.*</p>		

	ACTION IN THE ADMINISTRATION	ACTION IN THE CONGRESS	ACTION IN THE INDEPENDENT AGENCIES, THE COURTS, etc.
Groups			--CAB advisory group on internal procedural reforms released its report on Jan. 5, 1976.
		--Freshman Democrats announced formation of a task force on concentration, the abuse of power and tighter government regulation on July 15, 1975. The Task Force is currently writing its report and hopes to have it published in the spring.	--ICC established a group within the Chairman's office to continue investigations into internal agency problems. Report on field operations issued.
	--Proposal for a National Commission on Regulatory Reform resubmitted to Congress. No action taken.	--A panel of experts has been formed to advise the Senate Committee on Government Operations in their study of regulatory reform. Members of the panel are Peter Hutt, Harry McPherson, Roger Noll, Merton Peck, Robert Pitofsky, William Ruckleshaus, and Lee White.	--CAB has formed a group of staff members to study ways to improve internal management and information control and to strengthen financial reporting requirements.



	ACTION IN THE ADMINISTRATION	ACTION IN THE CONGRESS	ACTION IN THE INDEPENDENT AGENCIES, THE COURTS, etc.
General Studies	<p>--NSF has announced the funding of a study of the benefits and costs of public regulations that affect the price, supply and quality of copperwire, ground beef, and consumer financial services.</p> <p>--Nine research grants have been awarded by NSF for study of the impact of Government regulations, particularly the impact on productivity.</p> <p>--CWPS has begun a study of the costs and benefits of Federal regulations on the steel industry.</p>	<p>--Senate has approved S. Res. 71, to fund a joint study of regulation by the Government Operations &amp; Commerce Committee. The deadline for the report has been extended to Feb. 28, 1977.</p>	<p>--The American Enterprise Institute has proposed establishing a Center for the Study of Government Regulation and is currently seeking funding for the Center. An advisory group for the Center has been established under the direction of Irving Kristol.</p>

	ACTION IN THE ADMINISTRATION	ACTION IN THE CONGRESS	ACTION IN THE INDEPENDENT AGENCIES, THE COURTS, etc.
ECONOMIC REGULATION Financial Institutions	<p>--Financial Institutions Act resubmitted to Congress.</p> <p>--The President has signed into law an extension of Regulation Q until March 1977.</p>	<p>--Senate Banking Committee held hearings on FIA in May and June, 1975. The bill was passed by the Senate on Dec. 11, 1975 by a vote of 79-14.</p> <p>--The House Banking Committee has begun hearings on this Financial Reform Act which incorporates provisions of the FIA and proposes consolidation of the banking regulatory agencies. Hearings are continuing.</p> <p>--On Oct. 31 and Dec. 1, 8, 1975, the Senate Banking Committee held hearings on a single banking regulatory agency. The Administration has agreed to work with the Committee on S.2298. Hearings are continuing.</p> <p>--The House Government Operations Committee held oversight hearings on bank regulatory agencies.*</p>	
	<p>--Securities Act Amendments of 1975 (P.L. 94-29) signed by the President June 4, 1975.</p>		<p>--The SEC has ordered all stock exchanges to abolish rules preventing price competition through member firms trading in listed securities off the exchange floors by March 31, 1976.</p>

	ACTION IN THE ADMINISTRATION	ACTION IN THE CONGRESS	ACTION IN THE INDEPENDENT AGENCIES, THE COURTS, etc.
Transportation, Surface (Railroad, Truck)	<p>--Railroad Revitalization and Regulatory Reform Act was signed by the President on February 5, 1976.</p> <p>--Motor Carrier Reform Act submitted to Congress on Nov. 13, 1975. Introduced in the House on request by Representative Jones, H.R. 10909, on Dec. 1, 1975. Introduced on request by Senator Hartke, S. 2929, on Feb. 4, 1976.</p>	<p>--The House Small Business Committee will hold hearings on the ICC and independent truck operators in May.</p> <p>--The House Commerce Committee held oversight hearings on the ICC in Feb and March.</p>	<p>--ICC has announced the start of a rulemaking proceeding to consider widening commercial zones and terminal areas.</p> <p>--ICC has started an investigation to determine if there is any further need to regulate freight and transportation brokers.</p> <p>--The ICC began a comprehensive survey on Jan. 5, 1976 to determine the extent that trucks travel empty on the highways.</p> <p>--The ICC has issued a final report and order on rate bureau regulations affirming the freedom to take independent action and establishing time deadlines for rate bureau actions.</p> <p>--The American Trucking Assoc. is holding meetings in 10 cities in March to oppose the President's regulatory reform proposals.</p>

	ACTION IN THE ADMINISTRATION	ACTION IN THE CONGRESS	ACTION IN THE INDEPENDENT AGENCIES, THE COURTS, etc.
Airline	<p>--Aviation Act of 1975 sub- mitted to Congress on Oct. 8, 1975.</p> <p>- Introduced in the House by Reps. Jones, Harsha, &amp; An- derson, H.R. 10261, on Oct. 21, 1975 by request.</p> <p>- Introduced in the Senate by Senators Magnuson &amp; Pear- son on Oct. 22, 1975 by re- quest.</p> <p>--The Administration is de- veloping an amendment to the Aviation Act to provide for a subsidy for service to small communities.*</p>	<p>--Hearings on the Aviation Act of 1975 are scheduled in the Senate on April 6, 7, 8, 12, 13, 1976. The House has tentatively scheduled hear- ings on April 13-14, 1976.*</p> <p>--Kennedy Subcommittee report criticizing CAB regulation of the airlines was issued on February 22, 1976.</p> <p>--The House Small Business Committee is continuing its hearings on the CAB and the FAA and small businesses.</p> <p>--The House Public Works Com- mittee held hearings on the economic condition of the airlines during the first two weeks in March. Hearings will continue in April.</p>	<p>--The report from CAB advi- sory committee on procedural reforms was released on Jan. 5, 1976. Comments on the report must be submitted by Feb. 20, 1976.</p> <p>--CAB announced on 8/19/75 the beginning of a rule- making procedure to decide whether to increase load factor standard.</p> <p>--The CAB has cancelled plans for a limited deregul- ation experiment after pub- lic comments indicated that the experiment was too lim- ited in scope.</p> <p>--On Jan. 20, 1976, the Air Transport Association en- dorsed a two-year test peri- od of pricing flexibility for airlines and recommended imposing time limits on CAB actions.</p> <p>--The CAB has proposed a new type of charter flight be- established which would al- low charter tour operators more flexibility and passen- gers more low-cost flight possibilities.</p> <p>--On March 10, 1976 the CAB established time limits for taking action in public rulemaking proceedings.*</p>

	ACTION IN THE ADMINISTRATION	ACTION IN THE CONGRESS	ACTION IN THE INDEPENDENT AGENCIES, THE COURTS, etc.
Maritime	<p>--Both the State Dept. &amp; the Transportation Dept. have testified against S.868.</p> <p>--An issue paper has been sent by the Maritime Task Force to the DCRG for consideration at the next meeting.*</p>	<p>--Senate Commerce Committee has reported out favorably S.868 which would expand FMC powers to regulate third-flag carriers. Report not yet filed.</p> <p>--House Merchant Marine Committee held hearings on the companion bill, H.R.7940 on Oct. 23, 1975.</p> <p>--The House Merchant Marine Committee will hold hearings on H.R. 1071 to reserve 30% of the country's oil imports for U.S. flag tankers.</p>	
Restraint of Trade Fair Trade	<p>--On Dec. 12, 1975, the President signed into law the repeal of fair trade laws.</p>		



	ACTION IN THE ADMINISTRATION	ACTION IN THE CONGRESS	ACTION IN THE INDEPENDENT AGENCIES, THE COURTS, etc.
Robinson-Patman	--A draft report on the Robinson-Patman hearings has been circulated in DCRG for comment.	--House Small Business Committee held hearings on the Robinson-Patman Act on Nov. 5-6, 11-12, 1975. Hearings will continue during January, February, and March.	
Antitrust and Competition	<p>--Antitrust Immunities Task Force formed to examine anti-trust exemptions in Feb. 1975.</p> <p>--Meetings have been held with insurance industry groups, state regulators, and consumer groups to discuss possible changes to the McCarran-Ferguson Act. The Justice Department is seeking further comments on the issues before writing a final report.</p> <p>--The Justice Dept. has filed an antitrust suit against the American Society of Anesthesiologists for conspiring to fix fees.</p> <p>--On Nov. 24, 1975 the Justice Dept. filed suit against the American Pharmaceutical Association to force it to allow its members to advertise the retail prices of prescription drugs.</p>	<p>--Senators Kennedy and Hart introduced S.2028, the Competition Improvements Act of 1975, which would:</p> <ul style="list-style-type: none"> <li>- Require Federal Agencies to give antitrust principles priority consideration in regulated &amp; unregulated industries.</li> <li>- Require agencies to issue a competitive impact statement.</li> </ul> <p>--Hearings began on S.2028 Dec. 10, 1975. Both Justice and CWPS testified. Hearings held Feb. 4, 5, 1976.</p> <p>--S. 1284, Antitrust Improvements Act, is pending in the Senate Judiciary Committee. Civil process provisions of the bill are similar to the Administration's proposed legislation. Committee markup is expected to continue through March.</p>	<p>--FTC has announced investigations into the anticompetitive practices of the real estate brokerage industry and the veterinary services industry.</p> <p>--FTC has charged the AMA and two medical societies in Connecticut with illegally fixing fees through their code of ethics that prohibits its advertising.</p> <p>--FTC has proposed a regulation that would permit advertisements dealing with the price and availability of prescription eyeglasses.</p> <p>--FTC is investigating prohibitions against advertising of retail drug prices. Regional hearings were held in December &amp; January.</p> <p>--The ABA has voted to allow its members to engage in limited advertising.</p>

	ACTION IN THE ADMINISTRATION	ACTION IN THE CONGRESS	ACTION IN THE INDEPENDENT AGENCIES, THE COURTS, etc.
	--The House Judiciary Committee will mark up the Administration's CID bill H.R. 39, on March 31, 1976.*	--The House passed H.R. 8532, Parens Patriae as amended on March 18, 1976.  --On Dec 12, 1975 the Senate passed S.1136, authorizing an increase in antitrust enforcement resources by voice veto.  --The House Judiciary Committee held a hearing on S.1136 on March 4, 1976.	
Prevailing Wage	--CWPS has studied the inflationary impact of Davis-Bacon Act. Report is expected to be sent to the Labor Dept. but has been delayed pending review.		

	ACTION IN THE ADMINISTRATION	ACTION IN THE CONGRESS	ACTION IN THE INDEPENDENT AGENCIES, THE COURTS, etc.
Communications	<p>--After discussions with the White House staff, the DCRG has recommended further study of the regulations governing cable television.</p> <p>--On Dec. 16, 1975, the Justice Dept. filed a brief with the FCC urging the commission to act on two-year-old plans to increase the number of VHF television stations in major metropolitan areas across the country in order to promote greater competition and more diversity in programming.</p> <p>--On Feb. 4, 1976, the Justice Dept. filed a brief challenging the legality of anticompetitive pay cable television rules of the FCC.</p>	<p>--The House Commerce Committee Subcommittee on Communications has issued a report criticizing the regulation of the cable television industry, stating that current regulations serve to protect large broadcasters and stifle competition.</p> <p>--The House Commerce Committee held oversight hearings on the FCC on Mar. 2, 3, 1976.</p>	<p>--FCC is currently conducting an investigation of the economic and competitive impact of liberalized rules on the interconnection of customer-owned devices to the telephone network.</p> <p>--FCC has announced it will undertake a thorough review of existing regulations to see where deregulation of cable TV might be appropriate and it will propose legislation to carry out these recommendations.</p> <p>--FCC has adopted new rules to reduce delays and to improve its decisionmaking processes in two areas - common carrier regulations and safety and special regulations governing business, amateur and citizen band radios.*</p>
Patents	<p>--Patent reform bill was introduced in the Senate in March, 1975.</p> <p>--Agencies have been asked to comment on the Senate-passed bill.*</p>	<p>--Compromise patent bill was passed by voice vote in the Senate on Feb. 25, 1976.</p>	

	ACTION IN THE ADMINISTRATION	ACTION IN THE CONGRESS	ACTION IN THE INDEPENDENT AGENCIES, THE COURTS, etc.
Energy	<p>--Administration legislation proposing deregulation of new natural gas sent to Congress as part of the Energy Independence Act in January.</p> <p>--On September 10, 1975 the Administration submitted a legislative proposal which includes authority for the FPC to allow interstate natural gas pipelines to purchase gas from intrastate sources free of price controls. Introduced as S.2330 by Senator Pearson.</p> <p>--On December 22, 1975, the President signed S.622, the compromise oil price control bill which will temporarily roll back the price of oil and then gradually end controls over a 40-month period.</p>	<p>--On October 22, 1975, the Senate passed a five-year phase-out of controls on new natural gas.</p> <p>--On Feb. 5, 1976, the House passed a bill which removes price controls from smaller producers on natural gas, continues price controls on larger producers, and extends controls to the intrastate market.</p> <p>--The House Commerce Committee held hearings on the oversight of FPC, regulatory reform, and the deregulation of natural gas throughout January.</p> <p>--The House Commerce Committee is scheduled to begin hearings on H.R.12461, the Electric Utility Rate Reform and Regulatory Improvement Act, on March 30, 1976.*</p>	

	ACTION IN THE ADMINISTRATION	ACTION IN THE CONGRESS	ACTION IN THE INDEPENDENT AGENCIES, THE COURTS, etc.
Agriculture	<p>--CWPS has issued a preliminary study of milk prices, including the price impact of Federal price supports and marketing orders, import quotas, states regulations, and cooperatives.</p> <p>--A consultant to CWPS has said that consumers are paying \$500 million more each year for dairy products under Federal marketing restrictions, and milk prices are 22% higher than they would be without government controls.</p>	<p>--The House Judiciary Committee held hearings on competition in the food industry in Feb. and March.</p> <p>--Senator Humphrey has introduced S.3055 to establish a Federal Grain Inspection Agency to develop standards and inspection requirements for export grain.</p> <p>--The House Agriculture Committee will begin hearings on H.R. 12104, to establish a National Commission on Food Production Processing Marketing and Pricing and related bills on April 6, 1976.*</p>	<p>--FTC has announced an investigation of the citrus fruit industry to determine the impact of agricultural cooperative associations and government marketing orders on the structure, conduct, and performance of the industry.</p>

	ACTION IN THE ADMINISTRATION	ACTION IN THE CONGRESS	ACTION IN THE INDEPENDENT AGENCIES, THE COURTS, etc.
		<p>--On Nov 6, 1975 the Senate voted 94-0 to pass S.5, the Government in Sunshine bill, which would require all collegial agencies to hold more open meetings and would control ex parte communications.</p> <p>--The House Government Operations Committee voted the Government in Sunshine bill out of committee on March 2, 1976 by a vote of 32-7.</p> <p>--The House Judiciary Committee has held hearings on the Government in Sunshine bill and is scheduled to begin mark-up on March 30, 1976.*</p> <p>--On Nov 12, 1975, the Senate Judiciary Administrative Practices Subcommittee held hearings on S. 1289, limiting ex parte communications.</p> <p>--On Jan 30, 1976 hearings were held by the Senate Judiciary Committee on S.2715 to award attorney fees to participants in regulatory proceedings. Hearings continued on Feb. 6, 1976.</p>	



	ACTION IN THE ADMINISTRATION	ACTION IN THE CONGRESS	ACTION IN THE INDEPENDENT AGENCIES, THE COURTS, etc.
	<p>--A proposal for a comprehensive review of government regulations will be submitted to the EPB for discussion on April 2, 1976.*</p>	<p>--Senators Percy and Byrd introduced S.2812, the Regulatory Reform Act of 1976, which would establish a systematic timetable for reform of Federal regulatory agencies by 1981. The bill would require the President to submit to Congress his proposals for reform which the Congress could amend or a substitute plan could be proposed. The bill has also been introduced in the House.</p> <p>--Hearings on S.2812 are tentatively scheduled for May.</p> <p>--Other congressional proposals for general regulatory reform legislation include establishing a Congressional Office of Regulatory Policy, S.2878, (Javits and Muskie) and requiring all government programs to be based on a four year reauthorization cycle, S.2925, (Muskie).</p> <p>--Hearings on S.2925 are scheduled for Mar. 17-19, 23-25, April 7-8, 1976 by the Senate Government Operations Committee.</p>	

	ACTION IN THE ADMINISTRATION	ACTION IN THE CONGRESS	ACTION IN THE INDEPENDENT AGENCIES, THE COURTS, etc.
Inflation Impact Analysis	--An evaluation of the first year's experience with inflation impact statements has been forwarded to the Director of OMB.	--Amendment to proposed bill S.644 providing authorization for CPSC would require cost/benefit assessment statements be prepared for all agency rules.  --Several other pending bills would also require economic impact statements.	
Consumer Representation	--Agency plans to increase consumer representation were published in the Nov. 26, 1975 Federal Register. Public meetings were held in January around the country to explain how these plans will work.		--The NRC asked for public comments on the legality and desirability of the commission giving financial assistance to participants in licensing procedures. Responses are currently under consideration.

	ACTION IN THE ADMINISTRATION	ACTION IN THE CONGRESS	ACTION IN THE INDEPENDENT AGENCIES, THE COURTS, etc.
Forms Reduction	<p>--On March 1, 1976, the President requested all executive branch agencies subject to the Federal Reports Act to reduce the number of forms by 10% by July 1976. OMB guidelines on reducing the number of forms were sent to the agencies on Mar. 2, 1976.</p> <p>--A subcabinet briefing on the reduction of forms was held on March 16, 1976. Workshops on the guidelines are also being held.</p> <p>--Progress toward the President's goal of a 10% reduction has begun. The number of forms is now approximately 5000.</p> <p>--Letters will be sent to Treasury and to the independent agencies requesting cooperation in reducing the number of Federal forms.</p>		
HEALTH AND SAFETY REGULATIONS	<p>--Paper on approaches to environmental regulation prepared by Treasury and OMB is out for comment.</p> <p>--CEA has sent to the DCRG for comment a proposal for the study of OSHA regulations.*</p>		

	ACTION IN THE ADMINISTRATION	ACTION IN THE CONGRESS	ACTION IN THE INDEPENDENT AGENCIES, THE COURTS, etc.
STATE AND LOCAL REGULATIONS			--FTC announced that it will investigate entry barriers in the appliance repair in- dustry that are created by state licensing systems.