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*reg reform*

THE WHITE HOUSE  
WASHINGTON

April 23, 1976

MEMORANDUM FOR: JIM CONNOR  
FROM: JIM CAVANAUGH  
SUBJECT: Comprehensive Regulatory Reform Legislation

The proposal is a well thought out approach to systematic reform of regulation that avoids many of the jurisdictional pitfalls of similar proposals now pending in the Congress. We endorse it.

I do recommend that the message be changed to address the proposal's ultimate benefits to consumers as well as its benefits to business.

*✓ - Mr type note to Ed Schwitz - sent I have been a. working you April 21 memo to Mr A on regulation reform. How does this relate to the proposal it is previous I think it was a joint effort by the Exec & Congress.*



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: April 21, 1976

Time:

FOR ACTION:

cc (for information):

Jim Cannon

Jim Lynn

Jack Marsh

Max Friedersdorf

Bill Seidman

FROM THE STAFF SECRETARY

DUE: Date:

Friday, April 23

Time:

2 P.M.

SUBJECT:

Edward Schmults memo 4/21/76  
re Comprehensive Regulatory Reform  
Legislation

ACTION REQUESTED:

☐ For Necessary Action

☐ For Your Recommendations

☐ Prepare Agenda and Brief

☐ Draft Reply

☒ For Your Comments

☐ Draft Remarks

REMARKS:

We have been requested to have this package on the  
President's desk when he returns on Saturday, April 24.

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

Jim Connor  
For the President

THE WHITE HOUSE  
WASHINGTON

April 21, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: EDWARD SCHMULTS *ES*  
SUBJECT: Comprehensive Regulatory Reform Legislation

Issue

On February 4, you met with members of the Domestic Council Review Group and Senior Staff regarding the current status and future directions of the regulatory reform program.

We discussed a two part implementation plan to maintain and build upon our present momentum. Part one involved the creation of a short term task force effort to improve regulatory practices in selected agencies. While we have run into some personnel problems, now largely resolved, a separate memorandum on this effort will be submitted to you shortly. *11*

Part two of the plan was to broaden the scope of the present regulatory debate by undertaking a fundamental reexamination of the Federal regulatory system and setting forth a comprehensive calendar of reform for the next four years. This memorandum outlines in greater detail how such a program might be implemented, requests your decision on whether to submit legislation and recommends an announcement be made shortly.

Background

To date, the regulatory reform program has concentrated primarily on specific targets of opportunity designed to reduce government interference in the private sector. In searching for new targets, however, we find that we are faced with a number of difficult theoretical and practical problems. Your success in formulating strong budgetary, foreign affairs, defense and intergovernmental relations policies has depended in part upon a clear articulation of goals in each of these areas. Comprehensive

*[Circular stamp: APR 23 1976]*



plans have helped explain your position on these complex areas to the public and have provided a framework for legislative and administrative decisions. A similar framework is needed in the regulatory reform area.

### The Proposal

We have in the OMB clearance process for agency comments legislation which establishes a comprehensive regulatory reform agenda for the next four years. It requires the President to assess the impact that Federal regulations and subsidies have on the private sector and to propose by January 31, 1978-1981 a series of legislative recommendations and administrative actions to reduce the burden of unnecessary Federal intervention. It also requires congressional consideration of these proposals within a given period of time.

In order to develop the required Presidential proposals an effort would be initiated late this year or early next year. It would be under the general direction of a Special Assistant to the President appointed specifically for this purpose and organized into four working groups established to review specific segments of the economy:

- Transportation and Agriculture (including, at a minimum, a look at such agencies as the ICC, CAB, and the Departments of Transportation and Agriculture).
- Heavy Manufacturing, Mining, and Public Utilities Industries (including such agencies as FEA, EPA, FPC and the Department of Interior).
- Light Manufacturing and Construction Industries (including such agencies as the EEOC, FDA, CPSC, and the Department of Labor).
- Banking, Insurance, Real Estate, Communications, Trade and Services Industries (including such agencies as the SEC, FTC, FCC and the Comptroller of the Currency).

Chart 1, which appears at Tab A to this memorandum, illustrates how the effort would be structured with the working groups operating simultaneously. The percentages on the chart indicate approximately how much of the total effort would be devoted to the various segments in any given year. It is estimated that approximately \$2 million per year and a full-time staff of 30 people would be required to implement this program. Chart 2 (also at Tab A) describes the specific timetable in more detail and provides examples of the issues and agencies to be addressed.

Each year, an inventory of Federal involvement would be prepared to identify the extent to which Federal regulations subsidies and other program requirements impact on a given segment of the economy. From this information, major issues would be identified and public hearings would be held to obtain additional information on specific problems and to develop greater public understanding. At the end of each year, four specific products would be submitted for Presidential review:

1. Specific legislative proposals.
2. Specific recommendations for administrative reforms in the agencies.
3. A comprehensive report on the total impact of government interventions in that segment of the economy to serve as a basis upon which to justify the specific administrative and legislative recommendations.
4. A list of issues to be handed off to other working groups for further study.

The President would review these products and submit the report and appropriate legislation to Congress. He would also issue instructions for administrative change.

Legislative recommendations each year would be referred to appropriate committees of Congress for consideration. If the committees had not reported legislation to the floor by November 15 of the same year, the Administration's legislative plan would become the pending order of business on the floor. It would remain the pending item until acted on by each House.



## Discussion

There is increasing congressional interest in undertaking a regulatory reform effort. Currently, a variety of bills are being considered ranging from zero-based budget reviews of all agencies to abolishing a number of major regulatory agencies. Action on some form of legislation to require a comprehensive analysis of existing Federal programs appears likely at least in the Senate.

Legislation similar to the proposal outlined in this memorandum has already been introduced in the House and Senate by Senators Percy and Byrd, Representatives Jordan, Anderson and others. However, this proposal differs in several important respects:

1. In addition to focusing on agencies (which is primarily the Percy-Byrd approach), our legislation would require more attention to the cumulative impact of government intervention on important sectors of the economy. This approach would help reduce the congressional inclination to simply "move the boxes", a problem recurrent in past studies of the need for government reform. The proposed legislation would address all important government programs and agencies, many of which are not itemized in the existing congressional versions.
2. The Administration bill recognizes the need for congressional cooperation without attempting to mandate a constitutionally questionable forcing mechanism as does the Percy-Byrd bill.
3. The proposed legislation gives the President the flexibility to defer legislative recommendations on important crosscutting issues until sufficient evidence is available to support them, e.g., OSHA regulations have an impact on manufacturing industries as well as transportation. Under this proposal, legislative recommendations for fundamental changes in OSHA regulations could be deferred until a number of industries had been examined.
4. Our proposed legislation would be somewhat broader in scope, encompassing non-tax subsidies as well as regulation.



5. A cumulative review of Federal programs would result in specific improvements in public policy formulation by providing a basis for more informed trade-offs between our broad economic goals, e.g. reduced inflation and unemployment, and specific regulatory objectives such as health and environment. By looking only at agencies, the Percy-Byrd bill does not provide this perspective.

The proposed legislation represents a significant improvement over the present congressional proposals and we believe it would demonstrate your continued leadership on this important issue. The concerns that have been expressed focus principally on whether a multi-year reform effort of this magnitude is a feasible undertaking. It has also been suggested that we concentrate on safety, health and environmental problems in the first year. Finally, a question has been raised as to whether or not new legislation is required to initiate such an effort.

The Domestic Council Review Group feels that a comprehensive effort is achievable, but only with sustained Presidential interest and leadership. The task is admittedly large, but we believe that it could be accomplished and if we are ever to effect the future growth of Government, it must at least be tried. We also believe it would be unwise to start with safety and health issues because our knowledge is weakest in these areas and additional time is needed to build a persuasive case for reform. Also, if the effort is perceived as simply a pro business attempt to roll back existing safety and health regulations (which is probable if we begin with these issues), its chances for success would be bleak since strong opposition would be encountered immediately.

Finally, we believe legislation is necessary in order to assure continued congressional attention and support for reform. It would also help to secure the necessary assistance from the private sector, and the Federal Government agencies because they would view the potential for action to be much greater. Finally, without a strong proposal of our own, we stand a good chance of losing the regulatory reform lead to Congress.



We are persuaded that the prospects are excellent for broad scale support of our proposal. We have talked with Senator Percy and he intends to hold hearings on his bill before the full Government Operations Committee in the middle of May. The Chamber of Commerce has drafted a bill similar to our proposal but would prefer to support an Administration bill. The National Association of Manufacturers is also interested in getting behind such a comprehensive effort. In developing this legislation we have met with a number of people such as Don Rice of RAND, Roy Ash, Bill Ruckelshaus, Irving Shapiro of Dupont, Lloyd Cutler and Charles Schultze of Brookings. Although they all had different views on how to organize an effort like this, they were unanimous in believing such a program was worth undertaking. We have incorporated many of their suggestions. Finally, the issue was discussed at the EPB and there was general agreement that such an effort should be initiated.

#### Recommendation

That you submit legislation along the lines outlined above and announce your decision as soon as possible.

Tab B contains a draft statement which could be used to explain the need for a comprehensive program and indicate your personal interest and support.

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

Other \_\_\_\_\_

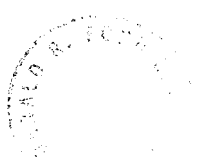


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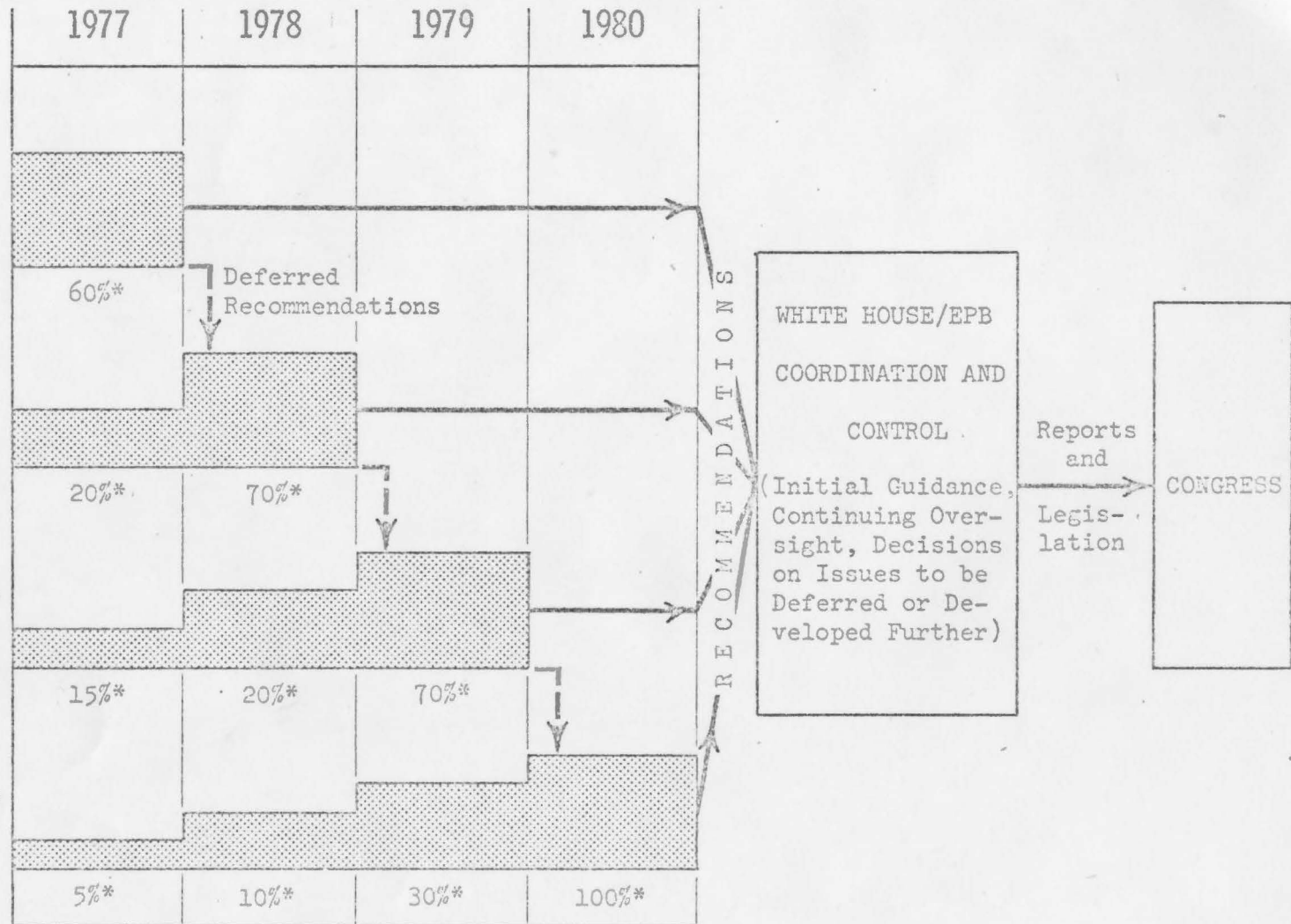
## TIMETABLE FOR COMPREHENSIVE REFORM PROGRAM

Sector 1: Transportation and Agriculture (Princ. Recs. e.g. ICC, CAB, USDA, DOT)

Sector 2: Heavy Mfg., Mining, Public Utils., (Princ. Recs. e.g. EPA, FEA, Interior.)

Sector 3: Light Mfg. and Construction (Princ. Recs. e.g. Labor, EEOC, FDA, CPSC)

Sector 4: Banking, Real Estate, Insurance, Trade, Communications, Services (Princ. Recs. e.g. SEC, FTC, FCC, Comptroller of the Currency)

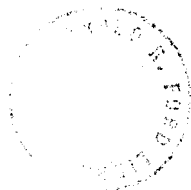


\*Approximate Percentage of effort.



Timetable for Comprehensive Reform Program

<u>Year</u>	<u>Principal Sectors of the Economy Investigated</u>	<u>Discussion</u>
1	<u>Transportation and Agriculture</u> E.g., railroads, motor carriers, airlines, water carriers, pipelines, local and suburban transit systems, crop and livestock producers, and forestry.	Builds on the Administration's current work to evaluate and restructure the regulatory authorities of ICC, CAB, FMC.. Would include analysis of major transportation subsidies (e.g., airlines, rails, and merchant marine) and address problems of transportation safety (FAA, NHTSA, Coast Guard, etc.). Would also address major issues of farm policy, including agricultural quotas, price supports and other subsidies (e.g., CCC, ASCS) inspection and grading of products (e.g., APHIS). Work would begin on issues of employment standards and health/safety concerns, etc. but major recommendations on these would probably be deferred until later years.
2	<u>Mining, Heavy Manufacturing and Public Utilities</u> E.g., mining, oil and gas extraction, paper, chemicals, petroleum refining, primary metals, electric, gas, and other public utilities.	Year two would address the environmental and safety issues associated with all use of natural resources (e.g., MESA, EPA), and the major trade-offs associated with environmental and energy related objectives (e.g., FEA, EPA). The analysis would continue to build on employment safety data developed in year 1. It would also outline the government's energy policy beyond decontrol.
3	<u>Light Manufacturing and Construction</u> E.g., food processing, textiles, apparel, printing, and construction.	Year three would probably produce most major legislative recommendations dealing with employment (health, safety, compensation standards, etc.) and would address agencies such as OSHA, EEOC, Labor which tend to fall disproportionately on small businesses. Consumer protection issues (labeling, product safety, etc.) will also be considered as they are promoted by agencies such as CPSC, FDA, ATF.
4	<u>Finance, Insurance, Real Estate, Communications, Trade and Service Industries</u> E.g., banking, securities, insurance and other financial services, broadcast and communication services, wholesale and retail trade, legal services, etc.	Major issues addressed will most likely be competition between financial institutions (e.g., FHLBB, FDIC, Comptroller), regulation of broadcast and communications services (FCC), the trade practices and the adequacy of public disclosure (e.g., SEC, Federal Reserve, FTC) and the government's role in distribution and trade.





Timetable for Comprehensive Reform Program

<u>Year</u>	<u>Principal Sectors of the Economy Investigated</u>	<u>Discussion</u>
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Tab B



## Message to Congress

Some years ago President Eisenhower eloquently warned Americans of the potential dangers inherent in the growth of the industrial military complex. Today, I would warn of the dangers of the growth of a different system--the ever growing system of government regulations.

Starting even before 1776, the American way was to rely on individual initiative and freedom as a way of providing for our economic needs. Over the last several decades, however, we have departed from this trust in individual initiative and consumer choice. For good reasons and bad, we have expanded government's role and the scope and detail of governmental controls. We have created a governmental system which is more and more rigid and less able to respond to changing conditions. In an increasingly complex society, government's role should be to assist in the search for solutions to our problems. But in many cases government has become a part of the problem.

This growth of government accelerated in the Depression era. New government agencies were created to resolve numerous economic and social problems--to help reduce unemployment, to still unstable financial markets, and to protect failing businesses. Over time, we have turned to the Federal Government to bring us better housing, a national transportation system, better health care, and equal opportunities in the job market.

In our compassion to solve urgent human problems, we have given the Federal Government the power to regulate more and more of our economy and our way of life. At the time it seemed like an inexpensive, easy answer to some very complex problems.

Government programs and bureaucracies have grown geometrically to handle all of the Government's responsibilities. In the last 15 years, we have created 236 departments, agencies, bureaus, and commissions. Only 21 have been eliminated. It is no wonder that today we have more than 1000 different Federal programs, more than 80 regulatory agencies, more than 100,000 government workers whose primary responsibility is to regulate some aspect of our lives and tens of thousands of government regulations.

Every President since Harry Truman has tried to reform some aspect of the regulatory system. But in the past year, we have achieved the most significant and comprehensive



progress toward the reform of government regulation in three decades. We have moved toward a more open and vigorous free market with less paperwork and more opportunity for businessmen to run their own businesses.

We have reversed the trend of paperwork growth. We have reduced delays and we have instituted reforms to help small businessmen.

We have repealed the Federal fair trade laws which for 40 years were creating artificially high prices for consumers.

The Senate has passed the Financial Institutions Act which is the most sweeping reform of banking regulation in over 40 years.

We have increased civil and criminal penalties for anti-trust violations to ensure that competition can flourish.

We have opened up competition in the securities markets for the first time since the major stock exchanges were established almost 200 years ago.

We have lessened ICC regulation of the Railroads for the first time since the creation of the agency in 1887 and I have introduced the first major reform of airline and trucking regulation since the 1930's.

However, it is not enough to rest on our first successful efforts. There is much more that needs to be done. First we need to conduct a fundamental reexamination of how we achieve our regulatory goals. We need to find out more about the total impact of the maze of government regulations and subsidies. We need to see where there are contradictions and where there are overlaps. We need to know where outdated and unnecessary regulations should be eliminated. We need to know more about the impact of regulation on jobs, on prices, on innovation and on individual freedoms.

Only by undertaking a comprehensive, systematic program of our regulatory system will we know where our future efforts should be directed, what the best approach to change should be and how we can achieve concrete results.

Certainly we do not seek to change or abolish all regulations, only those that are obsolete, inefficient and benefiting special interests at the expense of the public interest. We do, however, need to know more about our entire regulation system.



The legislation I am submitting to the Congress today would establish a disciplined approach to the design of these policies. It would establish a comprehensive reform program to:

- make sure that government policies do not infringe on individual choice and initiative;
- reduce government intervention in the marketplace;
- find better ways to assure that scarce economic resources are used most efficiently so that we fulfill our desirable social goals at minimum costs;
- improve our ability to ensure that public expenditures benefit all Americans and that government policies are equitably enforced;
- make sure that the public interest rather than special interests benefit from government programs.

To achieve these goals, we need a systematic approach to understanding the problem, so that we can explain the facts to the American public, and assure timely action on the reforms that are necessary.

I have not been alone in recognizing that government interference has too many facets and affects too many people to permit a piecemeal approach to the problems. Congressmen and Senators of both parties have recently introduced legislation requiring major changes in the conventional practices of government agencies. Some bills would give Congress the authority to veto proposed regulations. Others call for the immediate or phased abolition of selected agencies. More comprehensive bills proposed that all agencies be subject to a zero-base authorization review in Congress on a periodic schedule, or that new offices be created within Congress to review specific agencies and/or regulations.

Finally, Senators Charles Percy and Robert Byrd have proposed legislation which would require a series of annual plans designed to amend the authorities of agencies responsible for controlling certain industries or achieving certain goals. The legislation I am submitting today is based on this same concept. Many members of Congress have already voiced their support for this kind of approach. We will be working together to achieve a legislative mandate for a systematic program to reform our regulatory system. I am confident this will enable us to realize our long term goal of greater economic prosperity in America's third century.



My legislation:

- focuses disciplined attention on major aspects of government activity that have been often neglected in the past;
- provides for a systematic, phased review and scrutiny of all government institutions, agencies, laws and administrative regulations that directly affect our economy with the aim of eliminating those that do not generate benefits to the public commensurate with their costs;
- provides a means for making a systematic assessment of the cumulative impact of government involvement on major sectors of the economy and for building the basis for informed choices on alternative ways of achieving our economic, social and environmental goals;
- emphasizes the role of Congress, the agencies, State and local governments, business and labor groups and the consumer in formulating proposals for reform and developing the support necessary for success.

The legislation requires the President over a period of four years to submit annual plans designed to eliminate or modify those Federal statutes and regulations which now add more in costs to America's consumers and taxpayers than they provide in benefits. These plans would provide affirmative steps for increasing competition and finding more effective methods of achieving important social and economic goals.

The annual plans would be referred to the appropriate oversight committees in the Congress, giving the Senate and the House of Representatives an opportunity to review and modify the plan. However, it requires that the Congress act on the proposals within ten months of their submission.

Let me stress that this comprehensive, phased program of reform must in no way delay reform efforts now underway. It is vital to our economic health as a Nation to achieve reform of the regulations governing our airlines, the motor carrier industry and financial institutions as soon as possible. This legislation is a compliment to, not a substitute for, the legislative proposals I have already sent to the Congress.





I believe that the reform of our regulatory system is one of the best investments that we can make in our future as a Nation. I believe we can make Government responsive to the American people and an instrument of economic progress without the endless growth of red tape and regulations.

Let us work together to revitalize our regulatory system in order to build a stronger, healthier, safer America to leave to our future generations.



Date: April 23, 1976

Time:

## FOR ACTION:

cc (for information):

Doug Bennett

Jerry Jones

Phil Buchen

Jack Marsh

✓ Jim Cannon

Bill Seidman

Max Friedersdorf

FROM THE STAFF SECRETARY

DUE: Date: Tuesday, April 27

Time: 10 A.M.

SUBJECT: Jim Lynn's Memorandum to the President, dated  
April 21, 1976, regarding Management Initiatives

## ACTION REQUESTED:

☐ For Necessary Action☒ For Your Recommendations☐ Prepare Agenda and Brief☐ Draft Reply☒ For Your Comments☐ Draft Remarks

## REMARKS:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

Jim Connor  
For the President





EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

April 21, 1976

ACTION

MEMORANDUM FOR: THE PRESIDENT  
FROM: James ~~T~~<sup>L</sup> Lynn  
SUBJECT: Management Initiatives

The purpose of this memorandum is to get your guidance on a plan of action intended to both (a) improve management of the federal government and (b) to increase public awareness of your interest and actions in this area.

You have undertaken a wide range of actions that are directed at better management in the broad sense. Certainly block grants, deregulation, food stamp reform and the like all make good sense from the standpoint of efficient management.

But there are many other important management initiatives -- more of the "three yards and a cloud of dust" variety -- which are not presently perceived as having a strong Presidential push and which the Congress and the press are increasingly turning into news events.

Some examples are so-called "sunset" bills to limit virtually all programs to a four year life and require "zero-based" budgeting before renewal, bills to require economic impact statements, bills to require evaluation provisions in all new laws, bills to make all new regulations or modifications of regulations subject to one-House veto procedures; bills for more "sunshine" in regulatory agency deliberations, bills directed at mission-oriented budget presentations, bills attempting to define procurement contracts versus grants, and Congressional and media interest in costs of such things as federal employee travel and audio and visual facilities and public affairs generally.

I think it is important that we work out promptly a plan for you to take the lead, and be perceived as taking the lead, on such of these kinds of initiatives as make sense. Although most of what needs to be done can be directed by OMB and the Domestic Council, the effort requires your personal attention (1) to get the proper priority signal to the departments and agencies, (2) to develop the proper recognition by the public that you care about these nitty, gritty but

important tasks, and (3) to give you yet another whole area to weave into your various presentations -- speeches, interviews, Q's and A's, etc. -- as illustrative of the kinds of things you think need to be done and are ordering done -- to make the federal government leaner, less burdensome and more responsive to the Nation's needs.

I think the best utilization of your time to carry this out would be to have, within the next thirty days or so, a "no-nonsense," very businesslike and somewhat extended session with heads of the Cabinet Departments and of the big agencies (GSA, FEA, ERDA, VA) that would be billed as and actually be devoted to better ways to manage. You'll remember that sometime ago you had a "working dinner" with the Cabinet. I propose that we build on that concept. The session could begin in mid-afternoon and extend into the evening, with a working dinner fitted in.

So as to produce as much momentum out of the meeting as possible, my top people and I would meet with each agency head in advance of the meeting to review the agenda of topics to be covered at the meeting, determine how far along the agency is on each topic and explore possible further initiatives to be taken.

Also prior to your meeting, we would furnish briefing materials to you, including background on each of the topics to be covered at the meeting as well as a plan of action for follow-up that you would announce at the close of the meeting. An oral briefing might also be advisable.

Although other topics for the meeting will surely come to mind between now and the meeting, I suggest the following be included in the "inventory" from which the meeting topic will be selected:

(1) Plans for reopening, on a priority list basis, old programs for complete reexamination as to whether they are being run as well as possible.

(2) As part of such priority reviews, republishing for comment existing regulations as if the programs involved were new.

(3) As part of such reviews, holding public hearings.

(4) The use of Executive Office task forces to assist in such reviews on a selective basis as heretofore approved by you.

(5) Progress on the paperwork problem including systematic ways to review better the burden imposed by old and new paperwork requirements, including, on a selective basis, inviting comments and holding hearings in advance of each renewal and each proposed new paperwork burden.

(6) Plans for program impact evaluations on a priority list basis, e.g., evaluating how well the program is accomplishing its objectives.

(7) The extent to which the inflation impact statement concept is working and whether we should be moving from impact statement concepts to something broader, like a decision-makers checklist. See Tab A.

(8) Surveying middle management structures to ferret out "layering," e.g., assistants to assistants, assistants to Deputies, etc.

(9) "Grade creep," e.g., the tendency of average General Schedule grades to move up over time in ways that aren't justified. (This is very costly.)

(10) Identification of and training and advancement opportunities for personnel having management promise.

(11) Improving productivity measurement and extending such measurement to functions not presently covered, as a means of judging both managers and individual staff performance and improving productivity.

(12) Expected results from the current effort to cut travel expense.

(13) Expected results from the Task Force report on audio-visual expense.

(14) Plans for holding down overhead costs, including systems for routine, critical examination of program overhead rates.

(15) Modernizing agency cash management practices to reduce the amount of borrowing Treasury has to do to meet Government-wide cash needs.

(16) Upgrading audits, particularly of intergovernmental programs, to assure public accountability for tax dollars. (Consider "audit committees" of the type used so extensively in industry.)

(17) Plans for making accounting systems more responsive to management needs.

(18) Advantages and disadvantages of Regional Offices.

(19) Use of the private sector more and "in house" personnel less to carry out government programs.

(20) The need in each agency for a policy and management unit that reports directly to the Secretary, does not have programmatic responsibility, has enough expertise to give the agency head and the heads of programs first-rate advice on policy and management matters free of programmatic biases and follows through to see that policy and management objectives are carried out.

(21) Selecting priorities from among the long list of things that might be attempted and using the management-by-objectives system to ensure that the priorities get accomplished.

At the close of the meeting you would issue instructions as to follow-up. Subject to refinement between now and the meeting, I have in mind the following:

-- Instructions to each agency head to (1) choose from the topics covered at the meeting those that require the most attention in his or her shop and look like they have the most promise, (2) develop through the MBO system a reasonable course to show results on such selected topics during the remainder of 1976 and, separately, through the balance of FY 1977, and (3) within 60 days report to the President, through OMB, on the foregoing and (4) similarly report every thirty days thereafter on progress made and obstacles encountered.

-- Instructions to OMB to help the agencies develop such plans, including distribution of such follow-up detailed instructions as are necessary and working the plans into the Fall budget review.

-- Instructions on the selective use of the previously-approved Task Force approach.

This would not be a one-shot splash. With your strong interest demonstrated, the issuance of your instructions and follow-through monitoring by OMB and others in the Executive Office, the agencies will give this management work a higher priority and we should be able to demonstrate and announce real progress with regular frequency between now and the end of the year. Frankly, drawing on our experience with your meetings with the regulatory agencies, it would be even more effective if you were willing to state at the close of the meeting, that you intend to have a follow-up meeting within three or four months to receive oral reports from each agency on the progress they have made to date on their plans. The prospect of having to explain progress or lack thereof to you, face-to-face, would be a powerful stimulus. I also have in mind that a detailed report to the public issued immediately after the second meeting would heighten public understanding of the steps taken since the first meeting and of your personal leadership in these matters.

If you approve of these initiatives, we will work with Dick Cheney, Jim Cannon, Ed Schmults, et al. to pull together the necessary details.

Decision

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

See me \_\_\_\_\_

Excerpt From:

# National Growth And Development

Second Biennial Report  
to the Congress  
Submitted pursuant  
to Section 703(a)  
of Title VII,  
Housing and Urban  
Development Act  
of 1970

Prepared Under Direction of  
The Committee on  
Community Development  
The Domestic Council

December 1974

iii

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(from pages 94-96 of text)



6/26/75

## TOWARD GUIDELINES FOR FEDERAL DECISION-MAKING

approach issues  
with similar  
perceptions

Whatever the mechanisms for bringing people together to achieve coordination in policy and program development and implementation, the likelihood that sound policies and programs will result would be considerably enhanced if each participant were to approach the issue, or bundle of issues, with at least similar perceptions about how such issue or issues should be analyzed and about the technique of determining what constitutes the "public interest."

But the government decision-maker rarely pays systematic attention to the effects of his actions except as they relate to his own mission. This myopic tendency is not easily cured.

Existing laws and regulations do not require and may not permit the consideration of Federal actions on the attainment of goals outside of individual mission areas. Further, the effects of Federal actions are often difficult to ascertain; and they are doubly difficult to predict in advance. The data necessary to measure impacts are often unavailable. The methodologies for analysis of that data often do not exist. The effects may be remote or may occur sometime in the future.

Yet it is increasingly necessary to take into account multiple impacts of a single Federal action on national goals. Consider the large number and variety of national goals. Most are well defined and long established; some have been more recently emphasized and raised in priority. All relate to "national growth policy." To name only a few:

assess multiple  
impacts  
program

national goals  
related to  
growth

- maintenance of national security and defense of the country,
- preservation and enhancement of a private-enterprise (investment, risk, profit) society.
- economic freedom and efficiency through competition,
- full employment without harmful inflation,
- equal opportunity,
- for regulated industries, quality services at reasonable rates,
- safe and liveable communities, in both urban and rural areas,
- preservation of important natural resources, and clean air and water,
- secure and reasonably priced energy sources.
- decent, safe and sanitary housing, preferably owner-occupied, and
- health, education, and public safety services adequate for individual self-fulfillment.

Thus the policy-makers' task is to understand, as well as possible, how and whether present and proposed actions affect these goals. This requires:

the policy-makers' task

- Systematic review in the course of decision-making of the possible effects, not just on the mission goal of each decision-maker, but on other national goals as well.
- Improved evaluation of existing activities with emphasis on both attainment of the mission goal and effects on other goals.

a "decision-maker's checklist"

Much easier said than done. A very useful step in this direction would be efforts toward developing, refining and using an agreed upon set of guidelines for the Federal decision-making process. Such guidelines might well be in the form of sets of questions that should be answered, insofar as feasible, in assessing, on a one time or periodic basis, existing policies and programs and in considering new proposals. Such an effort toward a "decision-maker's checklist" will require extensive participation and indeed debate among many parties. For purposes of illustration, the following list is offered:

- What is the public problem being addressed?
  - Is the problem real or apparent, or merely a symptom of a larger problem?
  - Can the problem be quantified? How large is it?
  - Are other forces at work that are either solving the problem or making it worse?
  - Does the public perceive a problem?
  - Are those who perceive the problem among the intended beneficiaries?
- Are the means proposed to solve the problem well suited to attain the desired ends?
  - Are other means available that are less expensive either to taxpayers, to consumers, or to the economy generally?
  - Are there other means that would be more efficient?
- Does the problem, the approach selected to solve it, or the effect intersect with other public programs or goals?
  - Should other agencies be consulted?
- What methods of evaluation can be designed at the outset to determine at a later time the direct consequences and the effectiveness of the proposed action?
- What are possible inadvertent and second order effects of the proposed solution? Do the potential adverse effects outweigh the desirability of taking action on the immediate problem?





• What institution is best equipped to resolve the problem?

Can the private sector resolve the problem effectively?

If not, what public sector response is suitable and feasible?

Is a Federal response appropriate, and if so, should it be uniformly applicable or flexible?


Such guidelines reflect the creed of modern management., that good policy-making results from the discipline of well-thought out approaches to each major policy decision. Procedurally, such discipline, self-imposed, most surely leads to increased demand for better methods of collecting and analyzing data and stronger interest in obtaining the viewpoints of others with different mission goals. Substantively, such discipline also helps to ensure that public policy-making--whether by executives or legislators--will lead to programs that are consistent with long term national goals and the values we hold important in our democracy, including goals and values relating to national growth.

policy-making  
consistent with  
national goals

THE WHITE HOUSE  
WASHINGTON

April 23, 1976

MEMORANDUM FOR: JIM CONNOR

FROM: JIM CANNON 

SUBJECT: Comments: Schmults Memo of 4/15/76 on  
Guidelines and Procedures for  
Presidential Review of CAB Decisions

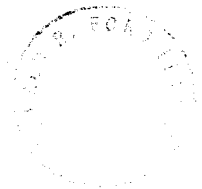
The President is empowered to review CAB decisions only when those decisions relate to international routes or fare schedules. Although this process does not directly raise domestic issues, the credibility of the Presidential decision-making process which Schmults' thoughtful memorandum addresses, cuts across the domestic/international line.

Several brief comments are in order:

1. Option C (Declaration of Presidential intention to exercise review power only on matters which the President deems of truly Presidential concern, etc.) appears to be the most desirable option. However, it may beg the ultimate question in that it does not set forth the standards by which to determine what is "truly Presidential" nor how that determination is made. It states only: "The President is the judge of what issues are important enough to rise to the level of a Presidential foreign policy concern." To the extent possible, a specific method should be spelled out so that the Presidential review process is less subject to attack as arbitrary and capricious.

An example of why a more detailed process would be helpful is found in the last paragraph on page 10. The first sentence states that the President would ordinarily refrain from considering economic issues. The third sentence states that there will be economic issues which will raise important foreign policy considerations.

2. Option H (Judicial Review of CAB decisions in a limited class of cases) fails to provide for a final



decision-making process in a case where the court reverses a CAB decision, but there are no foreign policy considerations.

RECOMMENDATION

Due to the sensitive nature of these issues and decisions, I recommend that a revised memorandum be drawn up to address the questions presented.



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: April 17, 1976

Time:

FOR ACTION:

cc (for information):

Jim Cannon

Bill Seidman

Jim Lynn

Brent Scowcroft

Jack Marsh

Mike Dunn

Max Friedersdorf

FROM THE STAFF SECRETARY

DUE: Date: Wednesday, April 21

Time: 10 A.M.

SUBJECT:

Edward Schmults Memo 4/15/76  
re Guidelines & Procedures for  
Presidential Review of CAB Decisions

ACTION REQUESTED:

\_\_\_\_ For Necessary Action

X For Your Recommendations

\_\_\_\_ Prepare Agenda and Brief

\_\_\_\_ Draft Reply

X For Your Comments

\_\_\_\_ Draft Remarks

REMARKS:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

Jim Connor  
For the President

April 26

THE WHITE HOUSE  
WASHINGTON

TO: JIM CANNON

FROM: JOHN O. MARSH, JR.

\_\_\_\_\_ For Direct Reply

\_\_\_\_\_ For Draft Response

XX \_\_\_\_\_ For Your Information

\_\_\_\_\_ Please Advise



JM  
Identical sent to Rooney

cc: Hope  
Leach

April 22, 1976

Dear John:

This will acknowledge receipt of the letter to the President of today's date, in which you joined with Congressman Rooney to urge the prompt nomination of a Director of the Office of Rail Public Counsel.

Please be assured I shall call your letter to the President's attention at the earliest opportunity. It is my understanding that this appointment is under active review and action should be taken shortly.

With kindest regards,

Sincerely,

Charles Leppert, Jr.  
Deputy Assistant  
to the President

The Honorable John E. Moss  
Chairman  
Oversight and Investigations  
Subcommittee  
House of Representatives  
Washington, D.C. 20515

bcc: w/incoming to Douglas Bennett for appropriate action  
bcc: w/incoming to Bob Linder - FYI

CL:JEB:VO:vo



JOHN E. MOSS, CALIF., CHAIRMAN  
RICHARD L. OTTINGER, N.Y.  
ROBERT (BOB) KRUEGER, TEX.  
ANTHONY TOBY MOFFETT, CONN.  
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SAMUEL L. DEVINE, OHIO  
(EX OFFICIO)

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HOUSE OF REPRESENTATIVES

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS  
OF THE  
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE  
WASHINGTON, D.C. 20515

RATBURN HOUSE OFFICE BUILDING  
PHONE (202) 223-4441

MICHAEL N. LEMOV  
CHIEF COUNSEL  
J. THOMAS GREENE  
COUNSEL TO THE CHAIRMAN

cc: Hope  
Leach

April 22 1976

APR 22 AM 11 15  
HAND DELIVERED  
RECEIVED SECURITY UNIT  
THE WHITE HOUSE  
WASHINGTON

Central  
Release

Honorable Gerald R. Ford  
The White House  
Washington, D. C. 20500

Dear Mr. President:

On February 5, 1976, you signed into law the Railroad Revitalization and Regulatory Reform Act of 1976, one of the most important pieces of legislation to emerge from our parent Committee, the Interstate and Foreign Commerce Committee. Title III of the Act, "Reform of the Interstate Commerce Commission," contains many important regulatory reform provisions. We write to express our concern that Section 304 of this Title, which establishes an Office of Rail Public Counsel, has not received your full attention.

As you know, that Section requires that the Office of Rail Public Counsel be established within sixty days of approval of the legislation:

(1) There shall be established, within 60 days after the date of enactment of this section, a new independent office affiliated with the Commission to be known as the Office of Rail Public Counsel. The Office of Rail Public Counsel shall function continuously pursuant to this section and other applicable Federal laws.

(2)(a) The Office of Rail Public Counsel shall be administered by a Director. The Director shall be appointed by the President, by and with the advice and consent of the Senate.

Although the sixty day period ended on April 5, 1976, the Office has not yet been established. The first step in establishing this Office, of course, is the appointment of a Director. We have had no indication, however, that you have reached a decision on this appointment.

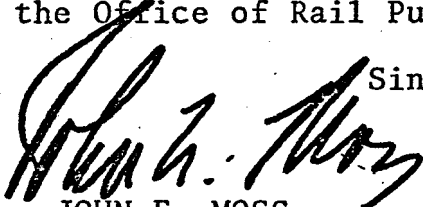


Honorable Gerald R. Ford  
Page Two

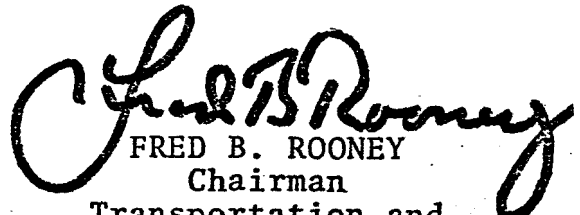
The delay in establishment of the Office of Rail Public Counsel which has been caused by your failure to appoint a Director is not in the public interest. The Congress envisioned a major role for this Office in the early administration of the Railroad Revitalization and Regulatory Reform Act. Your failure to act in a timely fashion jeopardizes the ability of this office to submit comments on proceedings under at least two sections of the Act, the definition of Market Dominance (Section 202(b)) and Division Procedures (Section 201), both of which are required by the Act to be completed within a specified time period. Without immediate action on your part, the public will be deprived of its voice in these important proceedings, in spite of the fact that Congress saw fit to establish by statute a mechanism for ensuring the public was effectively represented.

We trust that the Congress and the Executive will continue to cooperate in efforts to reform our regulatory agencies. Be assured that our interest in regulatory reform is strong and shall continue. We hope that you will delay no further in appointing a Director to the Office of Rail Public Counsel.

Sincerely,



JOHN E. MOSS  
Chairman  
Oversight and  
Investigations Subcommittee



FRED B. ROONEY  
Chairman  
Transportation and  
Commerce Subcommittee

JEM:lbj



THE WHITE HOUSE

WASHINGTON

April 29, 1976

MEMORANDUM FOR THE PRESIDENT

FROM:

JAMES M. CANNON  
L. WILLIAM SEIDMAN

SUBJECT:

Task Forces to Reduce Waste and Inefficiency  
in Government Regulation

Background

In your meeting with the Domestic Council Review Group on regulatory reform on February 4, 1976, you called for speeding up the pace and broadening the scope of the agency reform effort. You noted that an effective reform effort will require an initiative from outside the Departments and agencies in identifying and reducing obsolete or unnecessary regulations. In order to move forward to accomplish your objective, we will establish a number of short-term task forces to reduce waste and inefficiency in agency operations in the next six months.

Organization

Paul W. MacAvoy of the Council of Economic Advisers will direct the task force effort and will report biweekly to the Economic Policy Board Executive Committee which will provide you with periodic evaluations of the progress being achieved. The task forces will be staffed by individuals detailed from various Departments and agencies.

Initial Focus

Initially, task forces will be set up to work with specific agencies whose regulations appear to impose excessive costs compared to benefits. The goal is to identify excessively costly regulations which could be changed quickly. The task forces will also focus on improvements in the administration of certain regulations, such as speeding up the processing of applications or responses to requests for rulings.

The choice of agencies is perhaps the most critical step in the entire process. Since this initial task force effort is designed for a six-month period, it is important that we concentrate on agencies where improvements in performance can be achieved within a short period of time. Based on our research over the last six weeks, we expect that the task forces will initially concentrate on the following:

1. OSHA. The OSHA mandatory physical standards for the work environment are complex, very costly to meet, and appear to have little effect on industrial accident rates. OSHA itself is planning to hold regional hearings to determine the most costly and least effective standards, and these standards should be eliminated.

2. FEA has been required by congressional mandate to develop comprehensive oil price controls which are complicated and cumbersome. While decontrolling refined products over the next few months, FEA should simplify its procedures.

3. The Office of Export Administration in the Department of Commerce issues export licenses for the sale of major products to Eastern European and Sino-Soviet countries. The current procedures are prolonged and have arguably had an adverse impact on exports from the United States. In the case of high technology products, the national security implications of particular exports is sufficiently complicated that a significant speedup is probably not possible. However, for low technology products it should be possible to develop an expedited licensing procedure. Commerce has taken a number of steps to speed up the licensing process and plans to take additional actions in cooperation with the task force.

#### Proposed Next Steps

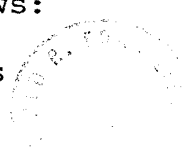
Although the task forces can potentially produce significant and visible accomplishments, their success will depend on your strong personal support. It will require that Departments and agencies provide able people for detail to the task forces. We estimate that the task forces will involve between 20 and 30 individuals over the next six months. We seek your approval of this task force concept before staffing the operation.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

This memorandum has been approved by the EPB Executive Committee. It has also been reviewed by the appropriate White House offices. Their comments and recommendations are as follows:

Counsel's Office

Approve establishment of Task Forces



John O. Marsh

Approve establishment of Task Forces

Max Friedersdorf

No comment

*My Rappin*

THE WHITE HOUSE  
WASHINGTON

May 7, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

JAMES M. CANNON  
L. WILLIAM SEIDMAN

FROM:

JAMES E. CONNOR *JEC*

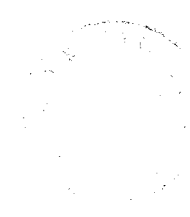
SUBJECT:

Task Forces to Reduce Waste  
and Inefficiency in Government  
Regulation

The President reviewed your memorandum of April 29 on the above subject and approved the Task Force concept outlined in your memorandum to Reduce Waste and Inefficiency in Government Regulation.

Please follow-up with appropriate action.

cc: Dick Cheney  
Robert Linder



THE WHITE HOUSE

WASHINGTON

April 29, 1976

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L. WILLIAM SEIDMAN

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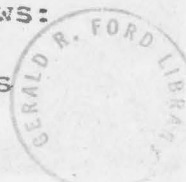
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Disapprove \_\_\_\_\_

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Approve establishment of Task Forces



John O. Marsh

Approve establishment of Task Forces

Max Friedersdorf

No comment



cc: Quern  
Leach

*Reg. Reform*

THE WHITE HOUSE  
WASHINGTON

May 7, 1976

ADMINISTRATIVELY CONFIDENTIAL

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JAMES M. CANNON  
L. WILLIAM SEIDMAN

FROM:

JAMES E. CONNOR *JEC*

SUBJECT:

Task Forces to Reduce Waste  
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Regulation

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Please follow-up with appropriate action.

cc: Dick Cheney  
Robert Linder





*1. Make improvements  
2. How prevent suit  
Do them*

THE WHITE HOUSE  
WASHINGTON

*J- Reg Reform  
Copy to  
Quem - New Assignment  
2) look*

April 29, 1976

MEMORANDUM FOR THE PRESIDENT

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Approve \_\_\_\_\_

Disapprove \_\_\_\_\_



May 13, 1976

Office of the White House Press Secretary

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THE WHITE HOUSE

FACT SHEET

AGENDA FOR GOVERNMENT REFORM ACT

The President is sending to Congress today the proposed "Agenda for Government Reform Act" which would establish a timetable for the President and Congress to make comprehensive and fundamental changes in Government regulatory activities which affect the American economy. The legislation would:

- Require consideration of the views of the American people who want solutions to our regulatory problems.
- Require an analysis of the costs and benefits of Government regulatory activities.
- Commit the President to develop and submit major reform proposals to Congress no later than the end of January in each of the next four years.
- Encourage more effective Congressional oversight of the operations of Government and commit Congress to act on needed reforms each year.

The purposes of this legislation are to: eliminate excessive regulatory constraints on the economy; develop better, less costly ways to protect public health and safety; reduce federal paperwork requirements; eliminate excessive delay; and streamline the costly regulatory bureaucracy.

BACKGROUND

In October of 1974, President Ford launched a major program of regulatory reform. Since that time, significant administrative improvements have been achieved. A reduction in Government-imposed paperwork requirements has been accomplished. Major regulatory agencies have been asked to reduce delays, increase reliance on market competition, and improve consumer access to regulatory decisions.

In addition, legislation has been enacted to repeal fair trade laws, increase competition in the securities industry, and eliminate outdated railroad regulation. The President has also submitted legislative proposals to improve regulation of our airlines, motor carriers, and financial institutions.

The President will continue to stress the need for administrative improvements and to request Congressional action on pending reform proposals. The legislation he is submitting today builds upon and complements his earlier efforts and charts a specific course for the second phase of regulatory reform over the next four years.

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## PRINCIPAL OBJECTIVES OF THE LEGISLATION

1. To encourage broad scale public participation in seeking practical solutions to complex regulatory problems. A fundamental re-examination of regulatory practices will foster increased public understanding of how the system works and how it affects individual Americans. And it will provide an opportunity for individuals in all walks of life to voice their concerns and register their ideas and suggestions for realistic reform.
2. To focus attention on the cumulative effect Government actions have on individual sectors of the economy. The results of this legislation would be to provide a better understanding of both the objectives and effects of regulatory actions --- thereby laying the foundation for lasting, commonsense solutions to our regulatory problems. Also, this legislation would permit the American people to make more informed trade-offs between desirable regulatory goals such as environmental protection and energy conservation.
3. To minimize the costs which Government programs impose on taxpayers and the general economy. Paperwork requirements, unnecessary program duplication, costly delay and burdensome compliance requirements multiply the cost of Government intervention --- often without providing commensurate benefits in return. The legislation would help identify the cumulative costs of Government activities which must be borne by all Americans.
4. To require the President and Congress to act on concrete reforms according to a specific schedule. This legislation would commit both the President and Congress to cooperate in the development and implementation of needed reforms according to a systematic, agreed-upon schedule. Close cooperation between Congress and the Executive will encourage the public to work in concert with their Government to build a more rational regulatory system.

## NEED FOR OVERALL REFORM

In general, each time a new national problem is identified, a new Federal program or agency is established to address it. Often, because solutions must be found quickly, new policies or organizations are created without sufficient attention to their indirect economic effects, or to the overlap and duplication which may result.

Once established, these programs and agencies strongly resist change. Even where regulations are having a negative effect or are competing with other national objectives, the "status quo" tends to prevail. Generally, regulatory problems are caused not by a single regulation but by the cumulative effect of many Government regulations. Business, labor, and consumers find it difficult to become actively involved in changing a system that is confusing, overlapping, and complex.

The American economy is divided into many sectors. Government regulatory activities affect these sectors in different ways and to varying degrees. For example, environmental regulations have a greater impact on the transportation industry than they do on the financial community and small businesses often feel the effects of Government proportionately more than large corporations do. Each industry faces its own unique regulatory problems. And presently, the cumulative effects of Government regulatory activities on any given industrial sector are unknown.

more



TIMETABLE FOR REFORM

The Agenda for Government Reform Act would establish a four-year program of fundamental reform. Each year, the President would assess the cumulative effects of Government regulatory activities on major economic sectors and develop legislative proposals for change along the following agency lines (example only):

<u>Year</u>	<u>Sectors of the Economy</u>	<u>Agencies Considered for Legislative/Administrative Action</u>
1977	Transportation & Agriculture - transportation industry including water carriers and pipelines - crop and livestock production - forestry - fishing	National Highway Traffic Safety Administration, DOT Federal Maritime Commission Animal and Plant Health Inspection Service, USDA Agricultural Marketing Service, USDA U.S. Forest Service, USDA Interstate Commerce Commission Civil Aeronautics Board
1978	Mining, Heavy Manufacturing and Public Utilities - pulp and paper industries - chemicals - petroleum refining - rubber/plastics - stone/glass/concrete - automobiles - primary metals - fabricated metal - machinery - electric, gas, sanitary services	Mine Enforcement and Safety Administration, Department of the Interior Environmental Protection Agency Federal Energy Administration Federal Power Commission Nuclear Regulatory Commission
1979	Light Manufacturing and Construction - housing and other construction - general contractors - special trade contractors - food processing - textiles - lumber & wood products - printing & publishing	Occupational Safety and Health Administration, Department of Labor Food and Drug Administration, Department of Health, Education, and Welfare Department of Housing and Urban Development Equal Employment Opportunity Commission Consumer Product Safety Commission
1980	Communication, Finance, Insurance, Real Estate, Trade, Services - banking, credit & insurance - real estate - broadcasting - wholesale & retail trade - business & personal services	Securities and Exchange Commission Department of the Treasury Federal Trade Commission Federal Communications Commission

more





## ORGANIZATION OF THE REFORM EFFORT

The agenda begins with areas where significant analysis has already been done so that recommendations can be developed quickly.

The White House will coordinate the efforts in each of the four areas. Once the President's proposal is passed:

- . Basic research and public participation in developing major issues will begin simultaneously in each of the areas.
- . Public hearings will be held in all parts of the country to assure that the President has the best thinking available.
- . Each year, the President will submit specific legislative proposals to Congress for action and provide a report to the Congress and the American people on the nature and extent of Government intervention in the economy, including an analysis of the costs and benefits of regulatory activities.
- . The President will direct agencies to make administrative improvements where necessary.

Where regulatory activities affect a wide range of industries --- environmental regulations or occupational health and safety standards, for example --- it may be desirable to defer recommendations for any fundamental changes until a number of different sectors have been examined. The agenda identified in this legislation takes this into account and postpones major recommendations on cross-cutting regulations until sufficient data is available. Thus, although analysis of the effects of OSHA regulations on the transportation and agricultural industries will begin in the first year, major recommendations for any fundamental changes in these areas may not be made until after the President has considered their impact on mining, construction, and manufacturing.

Each year, the President is required to submit reform recommendations to Congress by the end of January. These recommendations are then reviewed by the appropriate Congressional committees. If the House and Senate have not acted on reform legislation by November 15, the President's proposals become the pending business on the floor and remain so until acted on by each House.

## SECTION-BY-SECTION ANALYSIS

Section 2 sets forth the findings of the Congress and the purposes of the Act. It points out that although the American economic system was founded on the principles of market competition and minimal Government intervention in the private sector, the Government's role in the economy has grown over the years. In many cases, its regulatory responsibilities have become confusing, overlapping and contradictory. The direct and indirect costs and benefits of regulatory activities are not clear.

Accordingly, the purpose of the legislation is to achieve positive and lasting reform of Federal regulatory activities with increased public participation, more effective Congressional oversight and systematic Presidential action.

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The bill would require the President to develop legislative reforms every year for the next four years. It would require Congress to act on these reforms without delay.

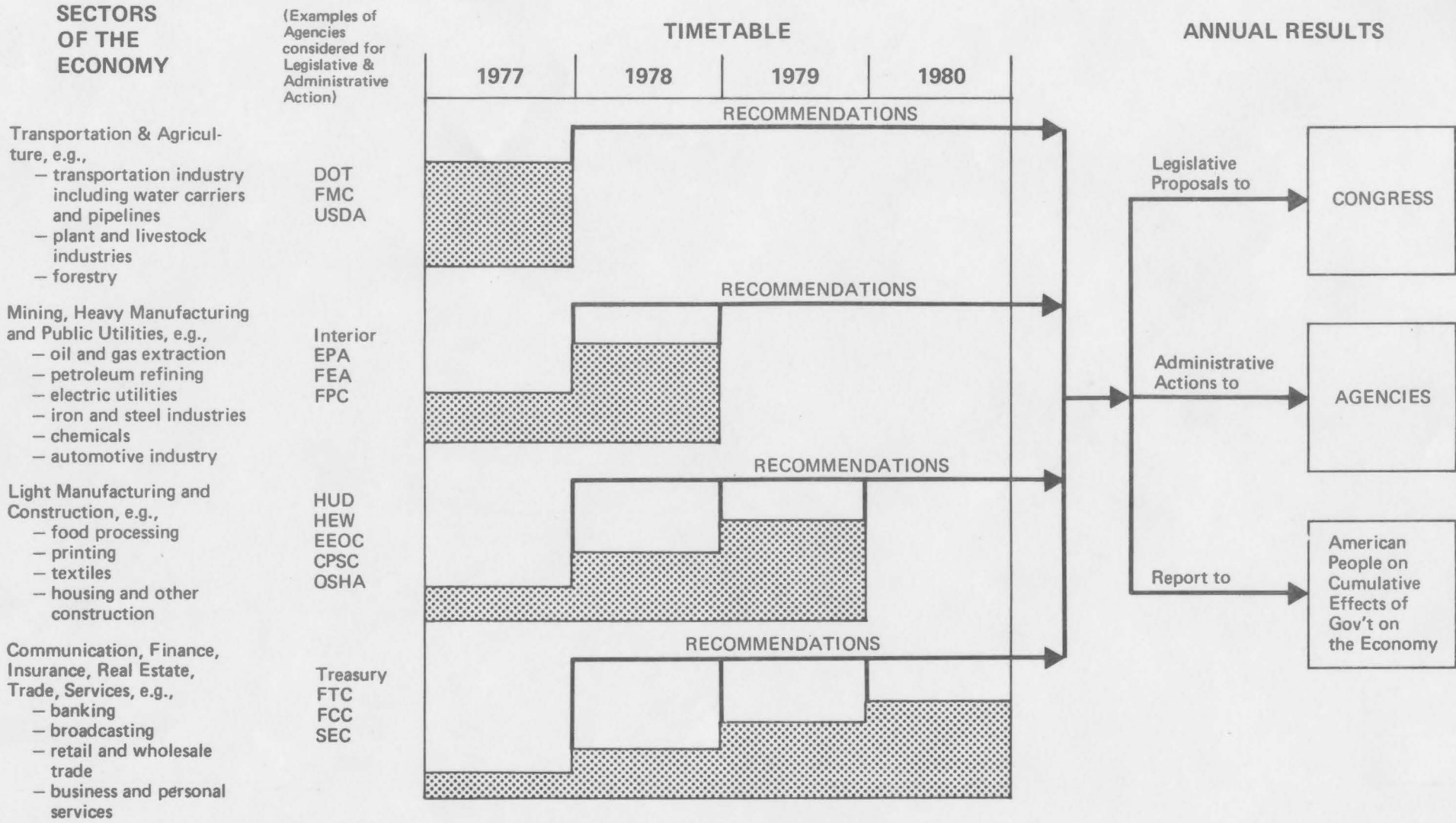
Section 3 defines the specific terms used in the legislation including "agency" and "Federal regulatory activity."

Section 4 specifies the sequence in which reform proposals are to be developed. The timetable is described in detail above in this fact sheet. This section requires that each Presidential proposal include among other things an identification of the original purposes of the regulatory activity under review, an assessment of the effectiveness of the regulation, and specific recommendations for reform, elimination, or continuation of the particular regulatory activity.

Section 5 explains Congressional responsibilities under the Act. It specifies that reform proposals be referred to appropriate committees in the House and Senate and would require Congress to act on reform legislation by November 15th of each year. If the two Houses of Congress should fail to do so, the President's reform proposals would become the pending business of the House and Senate and remain so until acted on by each House.



# AGENDA FOR GOVERNMENT REFORM





May 13, 1976

Office of the White House Press Secretary

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THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

Our American economic system has been built upon individual initiative and freedom to strive to achieve our economic goals. In an increasingly complex society, however, the role of government has been to assist in the search for solutions to our National problems. But in many cases, government imposed solutions have created new problems and mandated excessive costs on our society. Over the years, we have departed from the reliance on individual initiative and consumer choice. We have expanded government's role and created a rigid system which has become less able to respond to changing conditions.

The growth of government expanded rapidly in the Depression era. New government agencies were created to resolve our economic and social problems -- to help reduce unemployment, to stabilize financial markets, and to protect failing businesses. As a result of a proliferation of such government agencies since then -- all designed to solve an increasing variety of problems -- we have come to expect the Federal Government to have all the answers -- more and better housing -- an efficient transportation system -- improved health care -- and equal opportunities in the job market.

In our compassionate desire to solve urgent human problems, we have given the Federal Government the power to regulate more and more of our economy and our way of life. Over the years, regulation has been considered an inexpensive, easy answer to some very complex problems. Now, we are beginning to realize how high the costs are of what appeared to be the easy solutions of the past.

Federal programs and bureaucracies have grown geometrically. In the last fifteen years 236 departments, agencies, bureaus and commissions have been created while only 21 have been eliminated. Today we have more than a thousand different Federal programs, more than 80 regulatory agencies, and more than 100,000 government workers whose primary responsibility is to regulate some aspect of our lives.

My Administration has made the reform of government regulation one of its highest priorities. We have initiated a national debate on the role that government regulation should play in our economy. In the past year, we have achieved the most significant and comprehensive progress toward reform in three decades. At the same time we have moved toward a more open and vigorous free market in which consumers have available a wider range of goods and services to choose from and where businessmen have a greater opportunity to run their own businesses.

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For example:

- We have reversed the trend of paperwork growth and reduced regulatory delays.
- We have repealed the Federal fair trade laws which created artificially high consumer prices.
- The Senate has passed the Financial Institutions Act which is the most sweeping reform of banking regulation in over 40 years.
- We have increased civil and criminal penalties for antitrust violations to insure that competition flourishes.
- We have interjected competition into the setting of stock brokerage fees for the first time since the major stock exchanges were established almost 200 years ago.
- We have reduced the amount of ICC regulation of railroads for the first time since the creation of that agency in 1887, and have proposed comprehensive and long overdue reforms of airline and motor carrier regulation.

These are important steps, but they are only a beginning. We need a better understanding of the combined effects of all government regulatory activities on our economy and our lives. We need to eliminate contradictions and overlaps. We need to abolish outdated and unnecessary regulation. We need to strengthen the effectiveness of Congressional oversight of government operations.

To meet these needs, I am today submitting the Agenda for Government Reform Act which would establish a four-year action program to work toward these goals. It would produce comprehensive reforms to:

- guarantee that government policies do not infringe unnecessarily on individual choice and initiative nor intervene needlessly in the market place.
- find better ways to achieve our social goals at minimal economic cost.
- insure that government policies and programs benefit the public interest rather than special interests.
- assure that regulatory policies are equitably enforced.

This legislation would require the President to develop legislative reform proposals by January 31 of each year, and Congress would be required to act upon them. Such a disciplined approach will help focus attention on major, yet often neglected, aspects of government activities. This Agenda will require the assessment of the cumulative impact of government actions on major sectors of the economy and build a rational basis for more informed trade-offs between broad economic goals, such as more jobs and lower prices, and specific regulatory objectives, such as cleaner air and adequate rural services. And it will help identify the hidden costs imposed on the economy by government regulation.

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This legislation is the product of joint Congressional and Executive branch interest in seeking long term solutions to our regulatory problems. Senators Charles Percy and Robert Byrd have been leaders in pressing for comprehensive reforms. In the House of Representatives, Congresswoman Barbara Jordan and Congressman John Anderson have also introduced systematic reform legislation. My legislation addresses similar concerns. I look forward to working with Congress to achieve our common goals.

Let me stress that this new program must not delay reform efforts now underway. This new legislation is a complement not a substitute for the on-going administrative improvements and legislative proposals I have already announced. My Administration will continue to press forward with reduction of unnecessary and burdensome regulation and elimination of government-imposed paperwork and red tape. We will continue to make administrative improvements wherever possible, and to obtain congressional action on proposals for increased competition in regulated industries.

This is an ambitious program. But I believe it is possible to make our regulatory system responsive to the concerns of all Americans. They demand and deserve nothing less. I ask the Congress to act quickly on this legislation so that together we may begin to create a legacy of economic prosperity for future generations.

GERALD R. FORD

THE WHITE HOUSE,

May 13, 1976.

# # # #

A BILL

To Set an Agenda for Government Reform

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled,  
That this Act may be cited as the Agenda for Government Reform Act

Section 2(a)(1). Whereas the American economic system was founded on the principles of competition and minimal government intervention in the marketplace;

(2) Whereas the federal government's role in the national economy has grown through regulatory controls designed to achieve economic objectives and to safeguard public health and safety;

(3) Whereas the costs and benefits of federal regulatory activities are not always understood and these activities sometimes are confusing, contradictory, dilatory or overlapping; and

(4) Whereas the Congress and the President are responsible for the creation, oversight, and execution of these federal regulatory activities and for insuring that they are consistent with the achievement of other important national goals.

(b) Therefore the Congress finds that it is in the public interest for the President and the Congress:

(1) To examine systematically, with substantial public participation, federal regulatory activities in order to determine their impact on the nation's economy, consumers, and taxpayers; and

(2) To eliminate excessive regulatory constraints on the economy; develop better, less costly means of protecting public health and safety; reduce federal paperwork requirements; eliminate unnecessary delay; and streamline the regulatory bureaucracy.

(c) It is the purpose of this Act to achieve positive and lasting reforms of federal regulatory activities through increased participation by the American people, more effective legislative oversight by the Congress, and systematic action by the President. To achieve these purposes, this Act:

(1) Contemplates that the President will obtain the views of concerned Americans on the Nation's regulatory problems and their solutions;

(2) Requires an analysis of the costs and benefits of government regulatory activities;

(3) Commits the President to develop major legislative recommendations in each of the next four years; and

(4) Commits the Congress to act on needed reforms, provided that nothing contained herein should be construed

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as indicating a Congressional intent to discourage or forestall submission or consideration of any legislative proposal dealing with federal regulatory activity at times earlier than those prescribed in Section 4(a) of this Act.

Section 3. For purposes of this Act:

(a) "Agency" has the same meaning as provided in Section 552(e) of title 5, United States Code; and

(b) "Federal regulatory activity" means any systematic action taken by the federal government or an agency thereof, except by its powers of taxation, which may, directly or indirectly, affect economic performance, prices or employment.

Section 4(a). No later than the dates indicated below in this subsection, the President shall submit proposals containing the information described under Section 4(b) with respect to such statutes and agencies as the President elects to include in the following areas:

(1) By the last day of January 1978, the transportation and agriculture industries. The proposal must consider the activities of the Department of Agriculture, the Department of Transportation, the Civil Aeronautics Board, the Interstate Commerce Commission, the Federal Maritime Commission, and such other agencies as the President may determine.

(2) By the last day of January 1979, the mining, heavy manufacturing, and public utilities industries. The proposal must consider the activities of the Department of the Interior, the Environmental Protection Agency, the Federal Energy Commission, the Federal Power Commission, the Nuclear Regulatory Commission, and such other agencies as the President may determine.

(3) By the last day of January 1980, the light manufacturing and construction industries. The proposal must consider the activities of the Department of Health, Education, and Welfare, the Department of Housing and Urban Development, the Department of Labor, the Consumer Product Safety Commission, the National Labor Relations Board, the Equal Employment Opportunity Commission, and such other agencies as the President may determine.

(4) By the last day of January 1981, the communications, finance, insurance, real estate, trade, and service industries. The proposal must consider the activities of the Department of the Treasury, the Federal Trade Commission, the Securities and Exchange Commission, the Small Business Administration, the Federal Communications Commission, and such other agencies as the President may determine.

(b) Each proposal submitted by the President pursuant to subsection (a) shall include the following:

(1) An identification of the purposes intended to be achieved by the enactment of legislation authorizing the federal regulatory activity;

(2) An identification of the economic, technological, social or other conditions determined by Congress to have justified enactment of legislation authorizing the federal regulatory activity;

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(3) An analysis of whether the federal regulatory activity, as authorized and as implemented, has achieved its intended purposes;

(4) An analysis of whether the purposes sought to be achieved by the enactment of legislation authorizing the federal regulatory activity remain valid goals in light of present economic, technological, social or other conditions;

(5) An analysis of whether legislation authorizing federal regulatory activity has complementary, duplicative or conflicting purposes and effects;

(6) An analysis of whether the benefits of the federal regulatory activity outweigh the costs;

(7) An analysis of any reasonable alternative means of achieving the intended purposes of the federal regulatory activity; and

(8) The President's recommendation for reform, elimination or continuation of legislation authorizing the federal regulatory activity.

Section 5. The provisions of this Section are enacted by the Congress:

(1) As an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply, and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) With full recognition of the constitutional right of either House to change such rules (so far as relating to such House) at any time, in the same manner, and to the same extent as in the case of any other rule of such House.

(a) The President shall submit each proposal required under Section 4 to the Congress and separately transmit such proposal to the Speaker of the House of Representatives and the President pro tempore of the Senate.

(b) Each proposal submitted under Section 4(a) shall be referred:

(1) To the appropriate standing or special committees of the House of Representatives having legislative jurisdiction or oversight responsibilities with respect to the subject matter of such proposal;

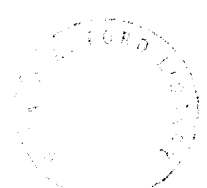
(2) To the appropriate committee or committees of the Senate having legislative jurisdiction or oversight responsibilities with respect to the subject matter of such proposal; and

(3) To such joint committee as the Congress may designate or establish for this purpose.

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(c) The committees to which a proposal is referred under this Section shall review such proposal and report a bill approving or disapproving such proposal in whole or in part, with such amendments as are deemed appropriate. Such reports shall be joint reports if agreement between or among such committees can be made with respect to any such proposal(s), but otherwise shall be separate reports. In the event that the Congress has failed to enact a bill, as called for by Section 4 of this Act, by the 15th of November of each specified year, then the proposal submitted by the President in such year, pursuant to Section 4 of this Act, shall become the pending order of business in the House of Representatives and the Senate. It shall remain the order of business until acted on by each House.

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## SECTION-BY-SECTION ANALYSIS

### Agenda For Government Reform Act

#### Section 2 - Findings and Purposes

This section details the Congressional findings and articulates the purposes of the Act. It stipulates that the American economic system was founded on a strong belief in competition and minimal government intervention. It recognizes that federal regulatory actions designed to achieve economic, health or safety objectives have increased over time, and that conflicts, overlaps, delay, or confusion sometimes exist in government regulations. It states that it is incumbent upon the Congress and the President to examine and reform these regulations in order to make sure that regulatory purposes remain valid and regulatory enforcement is equitable and efficient.

The purpose of the Act is to achieve positive and lasting federal regulatory reforms. To accomplish this, greater participation by the American people, more effective Congressional oversight, and more systematic actions by the President are needed. The bill requires the President, in each of the next four years, to submit specific proposals for the reform of federal regulatory activities affecting certain sectors of the American economy. His legislative proposals would be accompanied by a report to the American people and the Congress. The House and Senate would agree to consider the President's proposals before the end of the year if they have not enacted a reform bill earlier.

An important feature of this section stipulates that the timetable set up by the legislation is not intended to constrain in any way the President's right to propose or the authority of the Congress to consider any regulatory legislation. If Congress and the President decide that regulatory legislation is needed prior to the calendar laid out in the Act, their immediate action on that legislation would not be delayed by this bill. Of course, the President would continue to implement administrative reforms affecting Executive branch agencies.

#### Section 3 - Definitions

This section defines the terms "agency" and "federal regulatory activity". The latter includes any systematic action taken by the federal government, except through its powers of taxation, which broadly impacts the American economy, consumers, or taxpayers. A broad definition of regulatory activity will allow the President flexibility to recommend changes in many areas -- e.g., statutes pertaining to regulations, non-tax subsidies and credit assistance, government procurement, etc.

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#### Section 4 - Timetable for Reform

This section lays out the sequence of proposals which the President will submit to Congress.

The legislation organizes the President's program around major industries. By January 31 of each of the following years, the President will submit proposals for reforms which appear to him most critical in the following areas:

- (a) By January 31, 1978 - The transportation and agriculture industries. This includes all aspects of the transportation system including water carriers, pipelines, local and suburban transit systems, transportation services, plant and live-stock industries, etc. and other industries. As a guideline, the President would examine at least those industries described in major groups 1-9, 40-47 of the Standard Industrial Classification Manual (SIC), 1972 edition.

In this area, the President would consider the activities of the National Highway Traffic Safety Administration in the Department of Transportation, the Animal and Plant Health Inspection Service in the Department of Agriculture, the Federal Maritime Commission, and any other agencies he deemed appropriate.

- (b) By January 31, 1979 - The mining, heavy manufacturing and public utilities industries. This includes mining, oil and gas extraction, paper, chemicals, petroleum refining, rubber, concrete, primary metals, machinery and transportation equipment, electric, gas, and sanitary services and other industries. As a guideline, the President would examine at least those industries described in major groups 10-14, 26, 28-30, 32-37, and 49 of the Standard Industrial Classification Manual (SIC), 1972 edition.

The President would consider activities of the Mine Enforcement Safety Administration in the Department of the Interior, the Environmental Protection Agency, Federal Energy Administration, Federal Power Commission, Nuclear Regulatory Commission, and any other agencies he deemed appropriate.

- (c) By January 31, 1980 - The light manufacturing and construction industries. This includes food processing, textiles and apparel, printing, measuring and controlling instruments, construction, and other industries. As a guideline, the President would examine at least those industries described in major groups 15-17, 20-25, 27, 31, and 33-39 of the Standard Industrial Classification Manual, 1972 edition.

The President would consider the activities of the Food and Drug Administration in the Department of Health, Education, and Welfare, the Occupational Safety and Health Administration in the Department of Labor, the Consumer Product Safety Commission, National Labor Relations Board, Equal Employment Opportunity Commission and any other agencies he deemed appropriate.

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- (d) By January 31, 1981 - The communications, finance, insurance, real estate, trade and services industries. This includes communications, banking, securities and commodities trading, the insurance business, and other industries. As a guideline, the President would examine at least those industries described in major groups 48, 50-99 of the Standard Industrial Classification Manual, 1972 edition.

The President would consider the activities of the Treasury Department, the Federal Trade Commission, Securities and Exchange Commission, Small Business Administration, Federal Communications Commission, and any other agencies he deemed appropriate.

Each yearly proposal must include analyses of relevant federal regulatory activities and be accompanied by the President's legislative recommendations for needed changes.

#### Section 5 -- Congressional Review

This section states that Congressional agreements for considering legislation are adopted as a change of rules in the House and Senate. It requires the President's legislation to be referred to the appropriate committees in the House and Senate, and to any joint committee established or designated for the purpose.

The committees would have until no later than November 15 of the year in which the proposal was originally submitted to report out and enact regulatory reform legislation. If at that time a bill had not been enacted, the President's original proposal would become the pending business in each House and remain the pending item until disposed of by each House.

The legislation does not request any authorization for additional funds. Existing resources will be used to carry out the reform agenda.

# # # #



MAY 13, 1976

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

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THE WHITE HOUSE

PRESS CONFERENCE  
OF  
ELLIOT RICHARDSON,  
AND  
EDWARD C. SCHMULTS,  
DEPUTY COUNSEL TO THE PRESIDENT

THE BRIEFING ROOM

11:15 A.M. EDT

MR. CARLSON: Good morning. As you know, the President today is sending to Congress the Agenda for the Government Reform Act. You should have a copy of its fact sheet and also an advance text of the noon time SBA speech.

Following this briefing we will have copies of the legislation and the Message to Congress.

Here to briefly summarize this legislation and to answer your questions is Secretary Richardson, who has assisted in developing this proposal, and Ed Schmuls, who is the Deputy Counsel to the President and Chairman of the Domestic Counsel Review Group on Regulatory Reform.

Gentlemen.

SECRETARY RICHARDSON: Good morning, ladies and gentlemen:

I am going to say just a few general words about the President's proposal for regulatory reform, the agenda for the Government Reform Act, and then ask Ed Schmuls to follow up with a more detailed description of just how the legislation works.

Regulatory reform has been a subject of major interest to the President for the past two years. He launched a major program of regulatory reform in October of 1974. Since that time significant administrative improvements have been achieved. Legislation has been enacted to repeal fair trade laws, increase competition in the securities industry and eliminate outdated railroad legislation.

The President has also submitted legislative proposals to improve regulation of our airlines, motor carriers and financial institutions.

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The issue of regulatory reform has also been of increasing concern to the Congress and the American people generally. The subject is complex. But increasingly our society is recognizing that issues of fundamental choice are involved, issues involving tradeoffs between degrees of environmental protection, for instance, or jobs, prices and energy consumption.

There is a growing sense that our existing mechanisms have not adequately taken into account both costs and benefits of regulatory activity in the process of developing and administering regulatory policy.

There is also, as is well in evidence, a growing resentment of governmental bigness and clumsiness and I would add intrusiveness, but, because the issues are as complex as they are, there is considerable uncertainty as to how best to proceed toward further reform.

The job requires, first, systematic analysis and, second, a comprehensive plan of action.

The President's initiative announced today is intended to provide a basis for the development of a comprehensive plan of action. It is the next major stage in the President's regulatory reform effort. It provides an opportunity to show the American people that the Congress and the Executive together can come up with a systematic approach to, and timetable for, comprehensive and constructive action in regulatory reform.

The approach taken by this legislation would, in effect, establish a series of specific timetables for reviewing major industrial areas and the regulatory agencies, which deal with those areas, and it incorporates a new and I think very ingenious constitutional device, which Mr. Schmults will explain further, that in effect puts it to the Congress to act within a specified period of time and if at the end of that time, nine and a half months, the Congress has not acted, then by virtue of the amendment of its own rules by the legislation, the proposal submitted to the Congress in legislation by the President for regulatory reform would become the pending business of each House.

This, in effect, means that the Executive Branch by the terms of the legislation is required to come forward with proposals year by year in accordance with the schedules set forth in the legislation and the Congress itself, then having received these proposals, would be required to deal with them one way or another.



Before going to any questions, I am sure you will want to hear Ed Schmults' further description of how this works.

MR. SCHMULTS: Thank you very much, Secretary Richardson.

I might add one thing before I briefly describe the proposal. I think those of us in the Administration who have been involved in regulatory reform have found it to be a very tough task indeed. It is not an easy effort. The problems are difficult. Sometimes the solutions are only dimly perceived but we have to get about the task.

There is a tremendous feeling of frustration on the part of the American people, small businessmen and consumers, about the way government is regulating, about bureaucratic red tape, paperwork and so forth.

Some of the problems that we have seen are that public understanding is just not sufficient yet to achieve change. We really have to do a better job in explaining the problem to the public, the general public, small businessmen and consumers. They simply have to be more effective in helping the Executive Branch and the Congress to achieve meaningful change.

Another problem is one of data. Particularly in the health and safety area, much of the data simply is not there. In the economic area there has been more research in the universities and in the think tanks and by people in government, but in the EPA, OSHA, and these areas, we simply have to develop better data to make the creditable case, the hard case that has to be made to achieve change.

Another problem is over the last year we have been proceeding on what I might call a piecemeal basis. Secretary Richardson mentioned the specific areas or the specific pieces of legislation that have been signed into law. Other bills are pending on the Hill. The President is taking administrative action. But the problem with that approach -- and we intend to continue that approach and I want to emphasize that -- is that where you are working in one area, thousands of pages of regulations are being turned out in another area and the problem is just so broad that you have to put a plan and a process in place.

Also, in the piecemeal approach you tend to focus on an area where a lot of work has been done, where you can build on the research that has been done out in the country and here in government. However, the more important problems may well lie elsewhere, and for that reason, as Secretary Richardson indicated, the President is submitting to Congress a comprehensive action program for reform of government in all of its regulatory activities.

This legislation will force a discipline on the Congress and the President to achieve a meaningful reform. It is important to note that the American people will be engaged in this process in assisting and determining solutions in the public interest.

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Now, what this legislation does basically, before I get into the specifics, is the Federal Government will get its act together. The Executive and the Congress will agree now that we have to put a process in place, we will set forth an agenda as to the issues that are going to be addressed. It prescribes that the President must submit solutions each year, legislative proposals each year to the Congress, and that the Congress must also act on these proposals.

The President will be submitting his proposals in January of each year and if, by November 15 of the same year, a bill has not been enacted by Congress, then the President's proposals become the pending order of business on the Floor of each House until acted upon so that there will be action.

Now, this is important because this should generate confidence in the American people, businessmen, consumers, labor unions, universities, that action will happen, and so they will be prepared to devote their resources, their energies and their time to producing the data and to coming up with solutions for us to review and analyze and for the President to propose and for Congress to act on.

Now it is important -- and I want to emphasize this again -- that this is not a timetable for delay. Any action that can be taken now, either administratively by the Administration or by the Congress by legislation, we will certainly propose immediately.

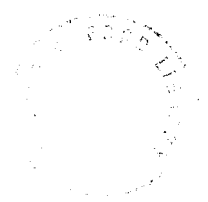
But the significance of this legislative proposal is it lays out a disciplined framework for reform and for action. The chart is part of your fact sheet and you may be able to see it a little more clearly there.

But what happens here is that at the start of this effort work proceeds in all sectors. The bulk of the work in the first year is in the transportation and agricultural sectors of our economy. At the same time, however, work is beginning in mining, heavy manufacturing and public utilities, also in pipe manufacturing and construction, communications, finance, and so forth.

Now, administrative proposals can be made here by the President and put into place by his own authority. The legislative proposals will be made to Congress, as I have indicated. Congress will agree at the front end that they will act on them in an up-or-down vote.

This gets around the problem of the subcommittees. It will go to the Floor of each House.

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Some of the work here (pointing to chart) -- for example, in EPA and in the Federal Energy Administration, here in the second year we make the basic trade-off between environmental and energy considerations, but work is being done in those areas in the transportation and agricultural sectors.

Of course, the Environmental Protection Agency and the Federal Energy Administration have significant impacts on transportation and agriculture, but it may be, because of the way the Energy Act and the timing of the decontrol procedure, that more comprehensive proposals can be made in the second year, and that is when they will be made, by the end of the second year.

Over here on this part of the chart you see annually each year legislative proposals to Congress for action by Congress. You see administrative actions by the President, who has been taking over the last year and a half and will continue to take in all the departments.

Secretary Richardson in the Commerce Department has a massive effort underway in the regulatory reform area and they are putting improvements in place all across the board.

The independent agencies -- the President has met with them twice and he is cajoling and persuading them to take action in progress there.

There will be a report to the American people on the cumulative effects of regulation on the economy, to the American people and the Congress.

But what may well come out of something like this could conceivably be a regulatory budget because we will be identifying the cumulative impact of regulation of Government interference in the economy by sectors of the economy. That is what has not been done to date.

You have each agency going full bore to achieve its mission and there is no way to reconcile conflicting agency missions, duplication and overlap. By getting out there, talking to the people, the industries involved, identifying the costs -- and we think they will be staggering -- you can then decide what you want to do, how much, how fast and at what cost, and begin to make some of the trade-offs.

We will take any questions.

Q I didn't understand you. Did you say that these proposals will go up there and the Congress will vote on them up or down before they go to committee?

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MR. SCHMULTS: No. What happens is this: If this legislation is enacted, as we hope it will be soon, the President will, according to the timetable in the legislation, be required to submit legislative proposals to Congress. They will then be referred to the appropriate committees with jurisdiction over the subject matter.

These proposals will undoubtedly be made along agency lines because of the way Congress is organized and because of the way the Federal Government is organized.

The bill will be reported to the committees, but it cannot be bottled up in those committees because, if they have not reported a bill out by November 15, the President's proposals go to the Floor of each House and become the pending order of business on the Floor of each House until acted upon.

Q Mr. Schmults, isn't that a very unrealistic proposal? It is clearly an infringement on the present Congressional prerogatives and it establishes a unique or an unusual precedent that the Congress is likely to resist. Would you comment on that?

MR. SCHMULTS: Yes, sir.

I think that there are significant benefits of this. I think that --

Q Regardless of the benefits --

MR. SCHMULTS: Let me tell you why the benefits of this is not an infringement on Congressional prerogatives. We have been very careful to define a realistic mechanism here. Congress does this itself in this legislation as an amendment of their own rules and they reserve the constitutional right which they have to change their rules, so Congress could, if it so desired, change these rules that make the President's proposals a pending order of business on the Floor.

We would trust that if this legislation was enacted that Congress would be extremely reluctant to do this because the point of this legislation is the President and Congress making a commitment to the American people that reform will be achieved.

Q What have the leaders of Congress thought about your proposal?

MR. SCHMULTS: We have talked to a number of people up on the Hill and the bill will be introduced today. We believe it will be taken up by Senator Ribicoff at his Government Operations Committee hearings next week and we are hopeful that we will get broad support for this legislation.

MORE



Q But I asked you specifically the leaders of Congress. Have you talked to Carl Albert about it, Tip O'Neill, Senator Mansfield, Senator Byrd?

MR. SCHMULTS: We have talked to a number of people. We have not talked to those you have mentioned.

Q Would the legislation permit committees to change the President's proposals?

MR. SCHMULTS: Yes, it would.

Q Then, they could emasculate it, they could kill it, they could change it beyond recognition if they wish.

MR. SCHMULTS: Of course.

SECRETARY RICHARDSON: May I just point out, following up what Ed has said, number one, the legislation calls for the Congress to act on the President's legislative proposals within the 9-1/2-month period. That means, in effect, as you say, that the Congress could emasculate them, it could turn them down --

Q I am talking about committees, Mr. Secretary.

SECRETARY RICHARDSON: -- but it would have acted.

The second point is that the proposal here for the kind of rule change that Ed has mentioned is less far-reaching than the reorganization power that the President already has, which allows him to develop a reorganization plan for Executive Branch agencies submit it to the Congress and then, if the Congress does not act within a certain number of days -- I think 60 -- the reorganization plan automatically goes into effect.

This proposal, of course, is not that the regulatory reform would automatically go into effect at the end of 9-1/2 months but simply that it would become the pending business of each branch as a way of creating some pressure to act on it one way or another.

Q Gentlemen, excuse me, but, to follow up, would you really expect the full House or the full Senate to approve legislation before it had gotten clearance from the committee, the appropriate committee?

SECRETARY RICHARDSON: It has done that on occasion where committees have failed to move expeditiously enough and, of course, here the premise is that the Congress will join the Executive Branch in the recognition that the cumulative burden of regulation has --

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Q Pardon me, Mr. Secretary, but would you go to the podium, please?

Q We can't hear you back here.

SECRETARY RICHARDSON: The premise of the legislation, of course, is that there has been such a common recognition of the cumulative burden of regulation on the part of both the Congress and the public generally that the Congress will want to cooperate in a way of dealing with the problem.

While it is true that the legislation would place the Congress under a deadline, in effect, to act one way or another, it does that for the Executive Branch, too. And I think that the Congress might well agree and should agree with the President that, from the point of view of the people out there, it is Washington without distinction as between the Congress and the Executive Branch that has created this burden of regulations and it is Washington that should do something about it, but Washington can do something about it only cooperatively through action by both the Executive Branch and the Congress.

Q Mr. Secretary, on that point, Congress seems to be responding to another message from the people out there to the effect that Washington is responsible for it, but don't mess with my regulations, and I assume that is why your proposals on trucking and airline deregulation are on dead center in the committees and it is hard to believe that those pressures will be lifted to the point that you can obtain this objective.

SECRETARY RICHARDSON: Well, sometimes it is harder to make progress with small proposals than with big ones. The approach taken here would get to very fundamental problems like, for example, the trade-offs between environmental protection, protection of health and safety, versus cost impact on the product to the consumer versus the impact on jobs.

From my point of view, as Secretary of Commerce, the thing that has struck me most since coming here and taking that job is that business generally is whipsawed between conflicting public demands. People want low prices and environmental protection. They want safety and lower costs. They have not, I think, thought through the impact on job creation, which some of the demands of regulation create.

One of the things that this legislation can do is to help focus what are ultimately public choices. The American people are going to make these choices, have been making these choices one way or another anyway, and what this does is to create a systematic process of identifying the costs and benefits that enter into those choices.

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Once that comes to be understood, I think it will have increasing support as a major effort, perhaps the most important governmental -- the most important review of the cumulative impact of decades of legislation that has been ever undertaken.

Q Mr. Secretary, is this an open-ended program? I mean, it is not just foreseen to go through 1980 or 1984 and beyond?

SECRETARY RICHARDSON: It can go beyond, although the timetable specified in the legislation does, in fact, embrace all the major areas of reform. I suppose maybe one could not confidently forecast that all the things that need to be done would, in fact, have been done at the end of this period, and so there undoubtedly would be a spillover.

Q Mr. Secretary, Secretary Mathews has been making a lot of big talk about all the regulation by his department. The only HEW I see in here is FDA. What about all the rest of it? Has that been excluded?

SECRETARY RICHARDSON: The Food and Drug Administration, of course, is the only part of HEW that impacts on commercial activity and quite directly on the consumer with a lot of the trade-offs that we have been talking about.

The regulations under the Social Security Administration, for example, are regulations that bear on the administration of that program itself.

I will ask Ed to comment.

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Q Mr. Secretary, does this mean that there is another bunch of deregulations coming at the end of the month? Is that just commercial?

SECRETARY RICHARDSON: Well, regulation, as defined here, really bears on the conduct of the private economy and the entire relationship between business and the consumer and the protection of the consumer interests and so on and safety and that kind of thing.

MR. SCHMULTS: That is right.

SECRETARY RICHARDSON: The regulations, as I say, that are from the Welfare Administration or Medicaid or Medicare or Social Security are regulations directed to the people who administer those programs and they clarify what the benefits schedules mean and things like that, but they are not in the sense that this contemplates regulations imposed by government on the outside world.

Q Mr. Secretary, both Governors Carter and Reagan have have discussed in detail the need for -ust such governmental reforms in Washington as well as expounding at length on their experiences in reorganizing State Government in Atlanta and Sacramento. My question is, have you consulted with or been influenced in any way by these two men, either of whom might be President in a matter of months?

SECRETARY RICHARDSON: I think the short answer to that is no, but I will ask Ed. (Laughter)

As I pointed out in the beginning of my statement, this present proposal really has grown out of the initiatives that President Ford took from the very beginning of his Presidency in this field, including the legislation that he has already submitted.

Q Yes, but has it been influenced in any way by Governors Carter and Reagan?

SECRETARY RICHARDSON: I doubt it. I think the answer is more likely the other way around.

Q Well, does this have anything to do with the election, Mr. Secretary?

SECRETARY RICHARDSON: Of course everything that a President who is seeking election and who is a candidate in a sense has to do with it, but the President does not suspend business because of the election and this is certainly a proposal that he would have made at this point regardless of whether it was an election year. I hope, speaking as a citizen, that it will be regarded as further evidence of why he ought to be elected.

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Q Mr. Secretary, if this is a non-election year serious proposal and it does, as you pointed out, seriously affect the conduct of the Congress in this area, I don't quite understand why it has not been taken up with the Democratic leadership with whom you are going to have to deal down the line.

SECRETARY RICHARDSON: I can't speak directly to the tactical judgment involved in this, but I assume that the answer was that the first people to deal with it would be the people whose committees would have jurisdiction over the legislation, that there was a considerable road to travel before it became a matter on which the leadership would have any occasion to act.

MR. SCHMULTS: That is right. We certainly want to work with the Democratic leadership, any people on that side of the aisle. Senator Robert Byrd, Congresswoman Barbara Jordan have been very active in this reform effort and they have a good bill that will be considered on the hill, too, and we want to work with them. We think this is a very good government effort that deserves bipartisan support. We have discussed this with some Democrats on the Hill, but I would not put them in the leadership as such, as you define it, but we certainly do want to work with them and we hope that Congress will enact this.

I would like to return to one point, if I could, about the air bill that I just would like to add one thing. I think the air bill really proves two things: One, it proves you can achieve progress when you do it agency by agency because I think with the air bill and the CAB the level of debate and understanding is considerably higher than it was a year ago.

Senator Kennedy came out with a very good report in that area. The CAB, I think, gave almost unprecedented testimony before Senator Cannon's committee. So I would say that there has been progress there, but when you deal with it agency by agency, as some of the bills do on the Hill, you are debating the problem just on the basis of what that agency does and on its mission and its goals and how much money do you want to spend.

So much of the problem is really a cross-cutting problem, it is a cumulative impact of regulation on small business. There are five agencies that are allaying costs and, of course, many more than five--on small business, and you cannot do it all at once. You have to begin to make some tradeoffs as between agencies, and that you cannot do if you consider it agency by agency.

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The advantage of the President's bill, as Secretary Richardson indicated, is you do pick up the cumulative impact first and then you decide and you inventory where the real problems are and you come up with legislative proposals.

Q On the air bill, how will this legislation affect the Aviation Act of 1975 or the Civil Aeronautics Board in particular?

MR. SCHMULTS: The fact sheet indicates that the Administration will be pressing forward with its air bill and other bills which it submitted, or which the President submitted, on the Hill. This is much broader. The air bill, basically, deals with economic regulation. There is health and safety, there are energy considerations, there are all sorts of other things that impact on the airline industry generally. But this is not an excuse to delay pressing forward with any other reform measures, either administrative or legislative, and the Administration will be vigorous in doing so, including the air bill.

Q By 1977 you have DOT up there. I don't see CAB. Does that mean you will be reviewing the Civil Aeronautics Board, the overall --

MR. SCHMULTS: That is correct. These are just examples of agencies that would be considered. To give you some of the primary agencies, the CAB would obviously be in that first year, although we think that we have a comprehensive bill in the economic area with which the CAB is concerned with the President's air bill.

Q Mr. Schmuls, on these substantive questions you put down some topics. Could you tell us what you have in mind, for example, for crop and livestock regulation? That is a pretty important sector.

MR. SCHMULTS: Well, there, again, you have all sorts of ways that the government is intersecting with the farmers. I had a Senator when I was talking about this bill tell me that he was traveling around his State and the tremendous concern that the farmers in his State were voicing to him about a government representative coming down to tell the farmers how deep to dig their ditches -- as if he knew, the Senator added.

I mean we are going to look at questions like this -- crop subsidies, those that are still around; energy considerations; health and safety; OSHA impacts; the farmers and so forth. All of these questions will be considered.

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MR. ROBERTS: Let me say that it seems to me we are getting into the technicalities of it. We are running short of time with the Secretary. It would be a good time to cut this off. Mr. Schmuts, I am sure, would be glad to take your further questions on the details of this, or Stan Morris at 6176 with the OMB, or Paul Leach at 6554 with the Domestic Council. They would be very glad to pursue the subject further.

Thank you.

SECRETARY RICHARDSON: May I just add one or two words. The timetable for reform in the fact sheet on Page 3 has a more comprehensive list of agencies given as examples of those that would be considered for action. CAB is identified in the 1977 timetable.

I will also simply mention one other ongoing activity, Ed referred to it briefly. In Commerce under Assistant Secretary for Policy, Dick Darman, we have been developing the analytical components of this basic reform approach and we are doing it primarily by industry without regard in the first instance to the agencies or legislative authorities that create regulations in order to get at these cost benefit problems -- for instance, in paper, copper, fossil fuel, steam electric generating, aluminum and so on. So that work will be going forward anyway anticipating, hopefully, the enactment of this legislation.

THE PRESS: Thank you, Mr. Secretary.

END (AT 11:51 A.M. EDT)

