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JUN 12 1975

THE WHITE HOUSE

WASHINGTON

June 12, 1975

MEETING WITH CONGRESSIONAL BIPARTISAN LEADERSHIP

Friday, June 13, 1975

8:00-9:30 a.m. (90 minutes)

The Cabinet Room

From: Max L. Friedersdorf *M.L.F.*I. PURPOSE

1. To consult with Congressional leaders about regulatory reform and energy.
2. To obtain the leaders' agreement to choose 20 Members - 10 from each House - to meet with the President and various Administration officials on Wednesday, June 25, to discuss regulatory reform.
3. To alleviate Congressional fears that the Executive is interfering with the independence of the Regulatory Commissions.
4. To seek Congressional cooperation in dealing with the regulatory crisis and in setting priorities for legislative action.
5. To brief the leaders on unanimous recommendations of the President's Labor-Management Committee regarding legislative and administrative proposals to improve the construction and output of the electric utilities industry. (See Tab G)

II. BACKGROUND, PARTICIPANTS AND PRESS PLANA. Background:

1. The President desires to meet soon with Commissioners of the independent regulatory agencies. (See Tab A)
2. In the President's Chamber of Commerce speech, announcement was made of plans to convene a meeting of the Commissioners of the ten major independent regulatory agencies, key Members of Congress and Administration officials to discuss reform of regulation.
3. Later, the President decided to divide the proposed meeting into two separate meetings: 1) a meeting with 20 selected Congressional leaders, and 2) a meeting with the Commissioners of the Regulatory Commissions.

A. Background: (cont'd)

4. Congress is considering the Ways & Means Energy Bill this week which is likely to pass in unacceptable form.
5. Another bill embracing decontrol is moving through the House Interstate and Foreign Commerce Committee.
6. Despite the President's urging, and pledges of Congressional intent, no positive energy steps have been taken except the President's imposition of the first and second dollar on the foreign oil import fees.
7. The Elk Hills legislation has been hung up in a jurisdictional conflict between House Armed Services and Interior and Insular Affairs Committees. (See Tab B)
8. Secretary of Labor Dunlop is coordinator of the President's Labor-Management Committee which was established in 1974. Eight labor and eight management members have presented the President with their recommendations to improve the electric utility sector of the economy. The recommendations affect not only energy, but employment as well.

B. Participants: See Tab C

C. Press Plan:

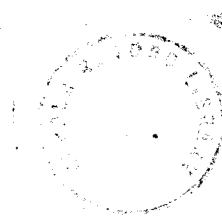
Press Office to announce as a regular Bipartisan Leadership meeting. Press and White House photographers.

III. TALKING POINTS

1. Regulatory reform (See Tab A)
2. Energy (See Tab D)
3. Labor-Management Committee recommendations (See Tab E)

IV. AGENDA

See Tab F



TALKING POINTS ON REGULATORY REFORM

1. As you know, I am concerned that Federal Regulatory Agencies are frustrating our National goals.
2. Since the Economic Summit meetings last year, there has been broad and mounting concern that we take steps to insure that our Federal Regulatory Agencies are furthering the National interest.
3. To deal with the regulatory problem, I have sponsored or supported a number of pieces of legislation dealing with regulatory reform. I have:
 - * Asked Congress to establish a National Commission on Regulatory Reform.
 - * Submitted a Railroad Revitalization Act.
 - * Submitted the Financial Institutions Act.
 - * Submitted the Energy Independence Act.
 - * Supported legislation to remove the antitrust exemption for State Fair Trade laws.
 - * Supported and signed the Securities Act Amendments of 1975.
4. In my recent Chamber of Commerce speech I indicated that I would be convening a meeting with the Commissioners of ten Independent Regulatory Agencies to discuss the need to improve regulations and procedures in order to foster greater competition and reduce the inflationary impact of regulation.
5. Because of the unique relationship of these agencies with both Congress and the Executive, I would like to meet with a group of Members of Congress before I meet with the Regulatory Commissioners.
6. I would like you to select a delegation of 20 members -- 10 from each House - to meet with me.
7. Such a meeting will be an important first step toward reform of regulation.



8. The purpose of the meeting would be to explore areas where the Executive and Congress can work together to improve regulatory performance and to minimize the adverse impact of regulation on the economy.
9. I am hopeful that together we can develop a consensus on a set of principles and priorities to guide the regulatory reform effort. We must find ways:
 - * To expedite the regulatory process.
 - * To require that Agencies analyze and consider the inflationary cost of regulation.
 - * To insure that regulation does not impede increased domestic energy production.
 - * To promote a revitalized transportation system.
 - * To reduce the impact of regulation on small business.
 - * To restate and redirect the objectives of the Agencies.
10. I want -- and need -- Congressional guidance on how to achieve a sound regulatory system and how to discuss this regulatory problem with the Commissioners.
11. I have scheduled the meeting with your Congressional group on Wednesday, June 25, and will have my staff coordinate the arrangements.
12. I am appointing a Task Force consisting of the Attorney General, the Secretary of the Treasury, the Chairman of the Council of Economic Advisers, the Assistant to the President for Economic Affairs, the Director of the Office of Management and Budget, and the Assistant to the President for Domestic Affairs. Roderick Hills of the Counsel's office will be the Executive Director of the Task Force.



Status of Energy Independence Act as of
June 3, 1975

Title I: Naval Petroleum Reserves

Senate: Armed Services and Interior Committees held joint hearings in March. Armed Services Committee action not scheduled (possibly awaiting final House action).

House: Competing bills - Interior Committee's H.R. 49 and Armed Services Committee's H.R. 5919 - withdrawn from Floor consideration. Not rescheduled.

Title II: Strategic Reserves (Civilian)

Senate: Interior Committee print markup scheduled for Thursday, June 5.

House: Provisions in Commerce Subcommittee (Dingell) bill, awaiting full Committee action.

Title III: Natural Gas Deregulation

Senate: Commerce Committee ordered S. 692 reported with amendments.

House: Referred to Dingell subcommittee. No action anticipated prior to completion of their omnibus energy bill.

Title IV. ESECA Amendments

Senate: Administration to testify before Public Works Committee and National Fuels and Energy Policy Study Group (S. Res. 45 - Interior Committee).

House: Administration provisions in Dingell bill, awaiting full Committee action.

Titles V and VI: Clean Air Act Amendments

Senate: Hearings held by Public Works Subcommittee; markup possible for mid-June.

House: Commerce Subcommittee on Health and the Environment (Rogers) held hearings and made tentative decisions. Committee Print scheduled for markup.



Title VII: Utilities

Senate: Hearings held by Government Operations Committee which is drafting legislation (probably contrary to Administration's).

House: Referred to Dingell subcommittee. No action anticipated prior to completion of their omnibus energy bill.

Title VIII: Energy Facility Siting

Senate: Interior Committee held hearings in context of land-use. FEA/Committee staff meeting scheduled.

House: Commerce Committee indicates hearings will be held following completion of omnibus energy bill.

Title IX: Energy Development Security

Senate: Passed S. 621 and S. 622, each prohibiting use of certain authorities by the President for the purpose of establishing a floor price for imported petroleum.

House: Commerce Subcommittee (Dingell) bill (H.R. 7014) has similar prohibitions; awaiting full Committee action.

Title X. Thermal Efficiency Standards

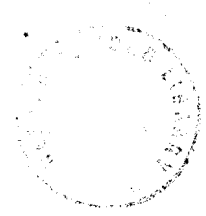
Struck from S. 1483 (Emergency Housing Legislation, opposed by Administration) in Conference.

House: Housing and Community Development Subcommittee (Barrett) of Banking, Currency and Housing Committee (Reuss) planning June hearings.

Title XI. Winterization

Senate: No immediate action planned (possibly awaiting final House action).

House: Housing and Community Development Subcommittee (Barrett) of Banking, Currency and Housing Committee (Reuss) held hearings; further hearings scheduled for week of June 9.



Title XII: Appliance and Motor Vehicle Labelling

Senate: Commerce Committee held hearings. Several bills under consideration.

House: Included in Dingell Bill, awaiting full Committee action.

Title XIII: Standby Authorities

Senate passed Interior Committee's S. 622 including objectionable mandatory conservation authorities.

House: Included in Dingell bill, awaiting full Committee action.

*Dingell Bill (H.R. 7014) subject to further negotiations to remove objectionable provisions.



TALKING POINTS (ENERGY)

1. I have given Frank Zarb direct instructions to cooperate in every way possible with the leadership to try and compromise on the Ullman bill and other energy legislation.
2. Frank has been working diligently and will continue to work diligently with Al Ullman, John Dingell and others to come up with some energy bills that will help alleviate the problems we have.
3. I hope we can avoid confrontation on this issue and work together.
4. Frank is here and I will ask him to give us a review of the various energy initiatives.



LABOR-MANAGEMENT COMMITTEE RECOMMENDATIONS

1. The Labor-Management Committee has made some unanimous recommendations designed to improve the electric utility sector of the economy.
2. These proposals involve both legislative and administrative actions.
3. Hopefully, these actions will assist in the energy situation as well as long range improvements in the employment situation.
4. Secretary Dunlop is here to provide a briefing on details of these recommendations which will be announced publicly later today. John, will you please brief the leaders now?



AGENDA

- 8:00-8:10 a.m.
(10 minutes) The President opens the meeting and discusses his views on regulatory reform.
- 8:10-8:15 a.m.
(5 minutes) The President calls upon Rod Hills to sum up Administration views on regulatory reform.
- 8:15-8:30 a.m.
(15 minutes) The President invites leaders' discussion and views on regulatory reform.
- 8:30-8:40 a.m.
(10 minutes) The President discusses the energy situation.
- 8:40-8:50 a.m.
(10 minutes) The President calls upon Frank Zarb for a summary of energy legislation.
- 8:50-9:10 a.m.
(20 minutes) The President invites leaders' discussion and questions on energy.
- 9:10-9:15 a.m.
(5 minutes) The President introduces subject of Labor-Management Committee recommendations and calls upon Secretary Dunlop to brief.
- 9:15-9:25 a.m.
(10 minutes) Secretary Dunlop briefs on the recommendations of the Labor-Management Committee
- 9:25-9:30 a.m.
(5 minutes) The President summarizes the meeting and concludes the meeting.



The Labor-Management Committee recommendations provide four specific proposals:

1. An increase in the investment credit to 12% for the construction of non-oil and gas utility plants and transmission lines.
2. In view of the length of time required to complete the construction of electric utility installations, the Federal government should permit depreciation for tax purposes on construction expenditures as made, provided such costs are included in the rate base.
3. The five-year, fast write-off of pollution control facilities should be extended by legislation beyond its present expiration date of December 31, 1975. The fast write-off of pollution control facilities reduces the financing costs of the construction of electric utility units. Fuel conversion costs should receive the same treatment.
4. The urgent need for equity capital in the electric utility industry should be met by a legislative provision that dividends which are reinvested in new issue common stock of the company have tax deferral.



JUN 19 1975

THE WHITE HOUSE
WASHINGTON

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June 18, 1975

MEMORANDUM FOR: DON RUMSFELD
JIM CONNOR

FROM: MAX FRIEDERSDORF M. G.

SUBJECT: Republican Congressional Leadership
Meeting Follow-Up

The President discussed with the leaders the subjects of Consumer Protection Agency, the Crime Message, and the impending Housing Bill veto.

The President directed the following actions:

1. Consumer Protection Agency -- Indicated to Congressman John Erlenborn that the Administration would cooperate fully in furnishing Administration witnesses for the Consumer Protection Agency hearings before the House Government Operations Committee. Erlenborn specifically requested the Attorney General, Secretary of Defense and the various regulatory commissioners. The Cabinet Secretary and Director of the Domestic Council are responsible for the follow-up on this Presidential action.
2. The Crime Message -- The President indicated that he wanted the Crime Message to emphasize the things we are not doing in gun control such as registration and confiscation. Follow up responsibility on this Presidential action is the Domestic Council and the Justice Department.
3. Housing Bill Veto -- The President indicated his willingness to consider a substitute measure recommended by Congressman Garry Brown (R-Mich.) and Congressman Lud Ashley (D-Ohio). Responsibility for the follow up on this Presidential action is Office of Management and Budget, Domestic Council, and Department of Housing and Urban Development.

cc: Jack Marsh

