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UNTIL 12 NOON (EDT)

May 13, 1976

Office of the White House Press Secretary

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.

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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 livestock 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.

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