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H. R. 13793 (Government Reform)

introduced May 13

By Mr. RHODES (for himself, Mr. MICHEL, Mr. DEVINE, Mr. QUILLIN, Mr. HORTON, Mr. ERLBORN, Mr. WYDLER, Mr. THONE, and Mr. ASCHER):

H.R. 13793. A bill to establish a procedure and timetable for the systematic examination of Federal regulatory activities and comprehensive reform in order to eliminate excessive regulatory restraints on the economy, reduce paperwork, streamline regulatory bureaucracy, and for other purposes; jointly, to the Committees on Government Operations, and Rules.



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

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;

(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.

(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.

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.

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 38-39 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.

- (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.

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

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 Schmults, 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 Schmults 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.

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.

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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.

MORE



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. Schmults, 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.

MORE

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. Schmults, 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)



May 13, 1976

Office of the White House Press Secretary

THE WHITE HOUSE

FACT SHEET

AGENDA FOR GOVERNMENT REFORM ACT

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- 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.

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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
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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.

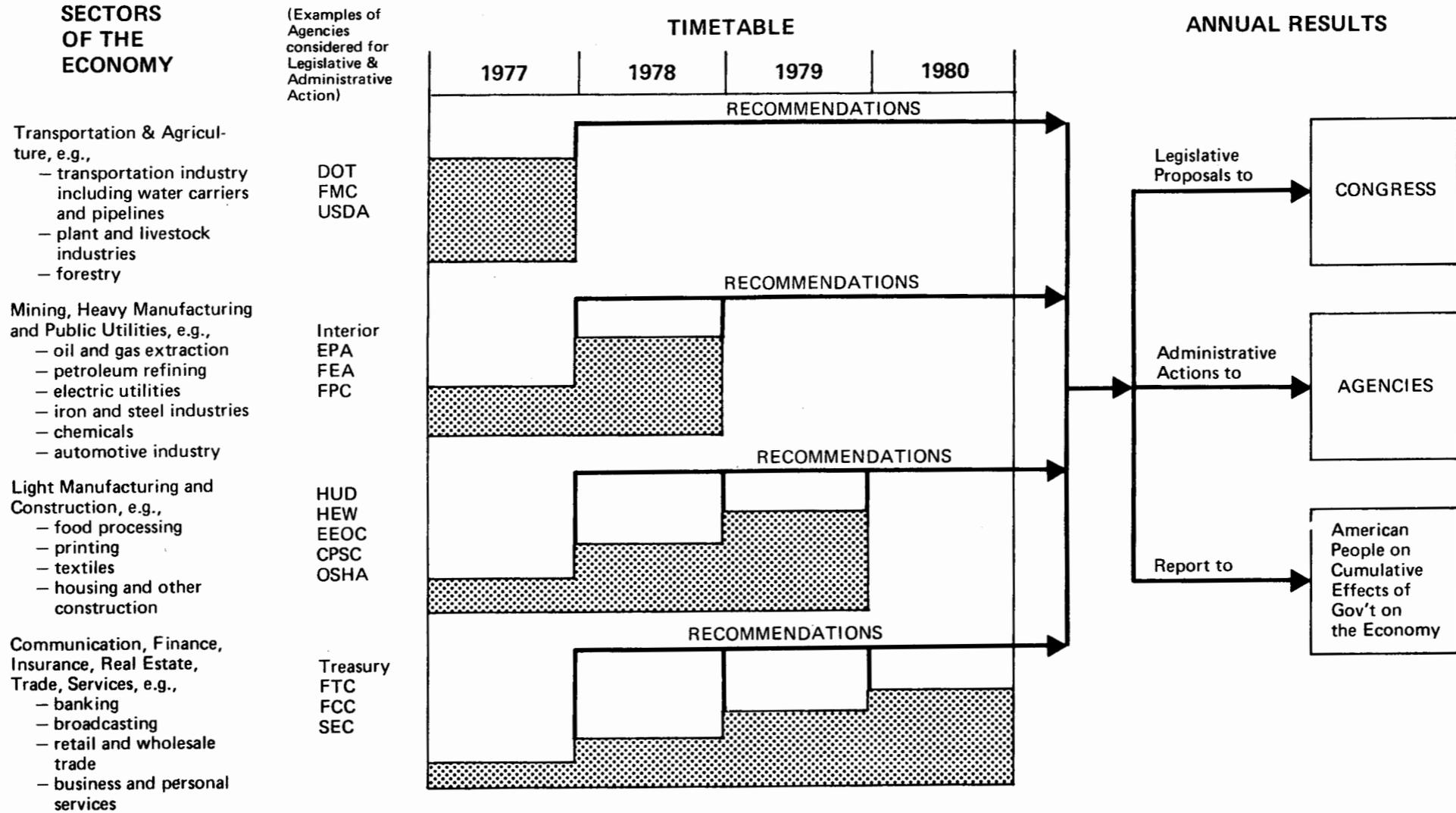
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May 13, 1976

Office of the White House Press Secretary

THE WHITE HOUSE

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AGENDA FOR GOVERNMENT REFORM

SECTORS OF THE ECONOMY

Transportation & Agriculture, e.g.,
 - transportation industry including water carriers and pipelines
 - plant and livestock industries
 - forestry

Mining, Heavy Manufacturing and Public Utilities, e.g.,
 - oil and gas extraction
 - petroleum refining
 - electric utilities
 - iron and steel industries
 - chemicals
 - automotive industry

Light Manufacturing and Construction, e.g.,
 - food processing
 - printing
 - textiles
 - housing and other construction

Communication, Finance, Insurance, Real Estate, Trade, Services, e.g.,
 - banking
 - broadcasting
 - retail and wholesale trade
 - business and personal services

(Examples of Agencies considered for Legislative & Administrative Action)

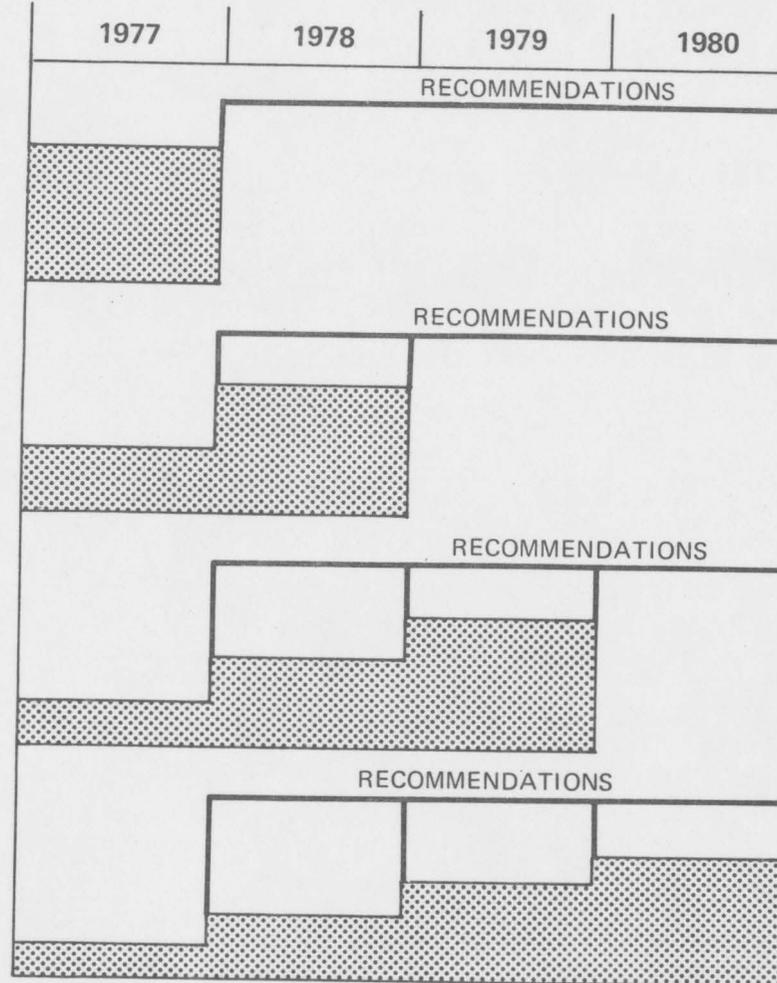
DOT
FMC
USDA

Interior
EPA
FEA
FPC

HUD
HEW
EEOC
CPSC
OSHA

Treasury
FTC
FCC
SEC

TIMETABLE



ANNUAL RESULTS

Legislative Proposals to

CONGRESS

Administrative Actions to

AGENCIES

Report to

American People on Cumulative Effects of Gov't on the Economy



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 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 38-39 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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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

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