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June 24

THE WHITE HOUSE

WASHINGTON

Mr. Marsh --

This is for your 8:00 meeting tomorrow morning on regulatory reform.

Thanks.

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THE WHITE HOUSE

WASHINGTON

June 24, 1975

MEETING WITH SELECTED MEMBERS OF
CONGRESS ON REGULATORY REFORM

Wednesday, June 25, 1975
8:00 a.m. (90 minutes)
The Cabinet Room

From: Rod Hills RH

I. PURPOSE

To discuss your regulatory reform policies and legislative programs and to request Congressional cooperation.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

A. Background:

You stated in your speeches to the Chamber of Commerce on April 28, and to the National Federation of Business on June 17, that you would meet with members of Congress and the Commissioners of the Independent Regulatory Agencies to discuss the need for regulatory reform.

Rod Hills has been designated Executive Director of the Domestic Council Review Group on Regulatory Reform.

B. Participants:

The Vice President

Cabinet Members	-	Morton, Coleman, Dunlop, Levi, Simon
Congress	-	See Tab C
White House Staff	-	Marsh, Rumsfeld, Lynn, Seidman, Hills, Friedersdorf, Cannon, MacAvoy, Nessen, Leach

C. Press Plan:

White House Press Corps, photo opportunity.

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III. AGENDA

1. Press pool photo opportunity after attendees are seated.

2. President's remarks from talking points at Tab A. (10 minutes)

3. Rod Hills describes three areas of discussion: economic regulation; safety and health regulation; and the administrative procedures of the regulatory agencies; and introduces Paul MacAvoy. (5 minutes)

4. MacAvoy opens discussion on economic regulation followed by remarks of Congressional leaders and general discussion. (20 minutes)

5. MacAvoy opens discussion on safety and health regulation followed by remarks of Congressional leaders and general discussion. (20 minutes)

6. Jim Lynn opens discussion on administrative procedures followed by remarks of Congressional leaders and general discussion. (20 minutes)

7. President ends meeting with closing remarks:

   a. I believe that we have made a first step in the long and complex journey toward reform of our economic system in our meeting today.

   b. I trust that this cooperative spirit will continue in my upcoming meeting with the Commissioners of the ten regulatory agencies and future joint Legislative-Executive regulatory reform efforts.

   c. My Administration will work closely with you in this vital effort.

8. Rod Hills, Paul MacAvoy and a group of Members of Congress brief the Press.

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Attachments:

Tab A	-	President's Remarks
Tab B	-	Summary of Congressional Activities in the Area of Regulatory Reform
Tab C	-	List of Congressional Attendees
Tab D	-	Questions and Answers

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A

PRESIDENTIAL POINTS ON INDEPENDENT REGULATORY AGENCIES

1. Any successful attempt to modernize our thinking -- and our practices -- on regulation must be a cooperative effort between Congress and the Executive Branch. Much of today's costly regulation is there because Congress and the President over the years have given agencies very broad authority to protect the public interest. However, the conditions under which many regulations were formulated no longer exist. We must, therefore, examine the charters of these regulatory agencies to redefine their objectives in light of the needs of today's economy. In particular, we need to examine existing and future regulation to determine whether the costs of such regulation may outweigh the benefits intended.

2. Under today's conditions, regulation often benefits the regulated industries more than the public. We simply cannot achieve what is best for the entire country if we attempt to prolong special privileges for a few select interests at the expense of all consumers.

3. The problem with some regulatory programs is not so much with their aim as their lack of efficiency. In some cases, they are simply obsolete: The problems they were designed to meet no longer exist in many cases, or have changed in kind or in seriousness. In some

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too much reliance is placed on substituting the choices of government officials for those of the market place; in other, attempts to safeguard the public health and safety have proved impractical and even counterproductive. The result is too often increasing costs, bankruptcies, and now, a growing threat of shortages and failure of essential services throughout our economy. - - -

4. Proposals for regulatory reform may be grouped into three general areas: economic regulation, health and safety regulation and administration of the regulatory process.

5. As an example, in the first category, government interference has helped to cripple parts of our railroad network. Similar problems exist in areas as diverse as natural gas and airlines in which our regulatory systems have hindered rather than helped us find solutions. More generally, we must pay particular attention to government regulations which unnecessarily impede our efforts to improve all transportation industries and which impede without good reason the development of needed energy sources.

6. But more competition also means vigorous enforcement and updating of our antitrust laws and other statutes which set legal and ethical standards for business behavior. The company that tries to force

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out its competitors by deceit or deliberate collusion cannot be allowed to misuse the free market system. In short, as we remove unnecessary government interference with industry, we must at the same time streamline government efforts to stop unfair and anti-competitive business practices.

7. I am aware of the concern by some who view this program as one attempt to dismantle many of the environmental and safety protections we have adopted in the last few years. Let me assure you that this is not our goal. It is true that I oppose the creation of a new consumer advocacy agency, because I see no need for a new bureaucracy to supersede the efforts of existing bureaucracies. But, we do need to do a better job of improving the responsiveness of government agencies to the pressing problems of consumers.

8. Make no mistake: I have no intention of abridging consumer rights. We need viable protections to insure against the production of unsafe goods and to insure that employees are protected from unreasonable job-related hazards. I have asked for specific improvement plans from the Executive Branch and will share these with Congress once I have approved a final series of changes in the agencies consumer representation procedures.

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9. At the same time, we must pay close attention to the increasing problems of the small businessmen whose failures are too often blamed on the complexities of government regulation. I am confident that we can find a way to lighten the burden without sacrificing the legitimate objectives of health, safety and economic regulation.

10. I have already asked the Congress to take quick action on several pieces of regulatory reform legislation and will soon be submitting more. This legislation will reform our entire system of transportation regulation, increase competition in our financial institutions, and move us toward a free and competitive marketplace where the consumer is able to signal his wants and desires.

11. Two weeks from today, I will meet with the Commissioners of the ten major Independent Regulatory Agencies. I will ask them, as I ask you, for cooperation in insuring that sensible regulation remains a strong element of the American system of government. While I intend to ask them to join with us in a mutual effort to improve our regulatory activities, I will also wish to take note of the substantial steps taken by them already in this vein. You may all have noted, for example, that the Civil Aeronautics Board has voluntarily begun a vigorous effort to re-examine their regulatory procedures.

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12. In sum, our proposals, as I mentioned above, fall into three areas: First, substantive reforms of economic regulation; second, improving the effectiveness of health and safety regulation, and third, improvements in the administration of our regulatory process.

13. I ask you here this morning to help me prepare for my meeting with the independent regulatory agencies in two weeks, but I assure you that we are well aware of the fact that the various agencies in the Executive branch should be just as concerned with regulatory reform as the independent agencies. And you have my assurance that we are devoting an equal amount of time to their problems.

. . . .

What we would like to do is to divide our discussion according to these three categories. I now turn the meeting over to Rod Hills, who will introduce Paul MacAvoy to outline the major thrust of our thinking -- and to invite your comments as we move along.

# # #

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B

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<u>Background Briefing Material for the President's Meeting with Congressional Members Concerning the Independent Regulatory Commissions</u>

Congress is currently participating in a number of areas which could affect the substance and outcome of the Administration's regulatory reform program. The following are considered important items to watch.

(1) <u>National Commission on Regulatory Reform</u> - Hearings held in the Senate during end of the 93rd Congress but no action taken. Resubmitted by the Administration to 94th Congress. Variations on this proposal may receive some attention in the House, but Senate's answer will apparently be a joint committee review.

(2) <u>Congressional Studies</u> - The Senate will probably authorize $500,000 for a one year joint study of regulatory commissions by Commerce and Government Operations Committees. Commerce will concentrate on transportation issues; Government Operations will take a cross cutting look at organizational, consumer representation, etc. issues. Other studies recently announced: House Interstate and Foreign Commerce, Rep. Moss to lead 1-2 year inquiry into all Commissions under Committee's jurisdiction; House Banking Committee, Rep. St. Germain to conduct hearings and study of large banks in American economy, probably as an excuse for taking no action on Administration's Financial Institutions Act; The Joint Economic Committee has no immediate plans for studies but may move in that direction later in the year.

In addition, the Senate Democratic Policy Committee has asked for a strategy paper on how best to deal with the Administration's program.

(3) <u>Agency for Consumer Advocacy</u> (ACA) - On May 15, 1975 the Senate passed a modified version of the 93rd Congress consumer protection bill, by a vote of 61 to 28. The House has just completed hearings on a companion bill and is expected to approve the bill later this summer. The Administration's opposition has been centered on the need to improve existing government agencies (and the regulations they impose) rather than create a new bureaucracy, which could lead to further regulation beyond that now authorized for the Consumer Product Safety Commission, FTC, and other agencies.

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(4) Inflation Impact Analysis - The House has adopted rules changes requiring that an inflation impact analysis accompany every piece of legislation reported to the floor. The Senate version of the ACA bill contains requirements for consumer impact statements. Similar legislative proposals deal with the impacts on employment, productivity, cost per taxpayer, etc. Some bills would give the Congress authority to review all proposed regulations and vote on their acceptability.

(5) Bills to Give Regulatory Commissions Greater Independence from the Executive - Several Regulatory Commissions are presently exempt from clearing their budgets and/or legislative proposals through OMB. All of them now gain approval for data gathering paperwork from the GAO, instead of OMB. One Commission (FTC) need not use the Justice Department to represent the government in litigation. A number of House and Senate bills are currently seeking to broaden these exemptions to all regulatory commissions, and to reduce the President's power to nominate or remove the Chairman. There is a strong probability some legislation along these lines will be enrolled during this Congress.

(6) Reauthorization of Council on Wage and Price Stability (CWPS)- The Senate has reauthorized CWPS, giving it power to subpoena detailed information from businesses on product by product sales, costs, and profits. The FTC has been attempting to extract the same information, but private businesses have sued to prevent what they feel is an unreasonable and costly intrusion on their proprietary rights. The House will also probably give CWPS new authorities, moving it closer to a control rather than a monitoring agency.

(7) Specific Regulatory Reform Proposals - The President has signed the Securities Act Amendments of 1975, a major step toward promoting competition in that industry. The Congress, with the Administration's support, will probably repeal the Fair Trade Laws later this summer. The Senate will probably pass the Financial Institutions Act, but the House will delay consideration of this bill pending the Banking Committee's study. Congressional action on the rail bill already submitted, and the truck and airline

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proposals to be sent up, is uncertain, particularly due to House and Senate studies by the Commerce Committees. However, more public attention on regulatory issues (and the possible threat of new legislation) has helped to prompt some of the independent commissions to move toward some desirable goals. (E.g., fewer "gateway" restrictions for trucks which would reduce unnecessary mileage and fuel consumption; reduced influence for transportation rate making bureaus; privelege for commercial banks to offer savings accounts to corporations.)

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C

CONGRESSIONAL MEMBERS ATTENDING REGULATORY REFORM MEETING

House

John E. Moss (Dem. - California)

Paul G. Rogers (Dem. - Florida)

Robert L. Leggett (Dem. - California)

James C. Wright, Jr. (Dem. - Texas)

James J. Howard (Dem. - New Jersey)

James R. Jones (Dem. - Oklahoma)

Samuel L. Devine (Rep. - Ohio)

John B. Anderson (Rep. - Illinois)

Frank Horton (Rep. - New York)

Bill Archer (Rep. - Texas)

Charles Thone (Rep. - Nebraska)

Elford A. Cederberg (Rep. - Michigan)

Senate

John O. Pastore (Dem. - Rhode Island)

Vance Hartke (Dem. - Indiana)

Frank E. Moss (Dem. - Utah)

Edward M. Kennedy (Dem. - Massachusetts)

Abraham A. Ribicoff (Dem. - Connecticut)

Roman L. Hruska (Rep. - Nebraska)

James B. Pearson (Rep. - Kansas)

Paul J. Fannin (Rep. - Arizona)

Charles H. Percy (Rep. - Illinois)

Robert T. Stafford (Rep. - Vermont)

Wendell H. Ford (Dem. - Kentucky)

Jacob K. Javits (Rep. - New York)

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HOUSE MEMBERS ATTENDING REGULATORY REFORM MEETING

Moss, John E. (D.-California)

Committee Assignment: Chairman, Commerce Subcommittee on Oversight and Investigations

Member, Government Operations Committee

Bills Introduced:

-- Cosponsor of H.R. 1446 to restore independence of CAB, FCC, FTC, ICC, SEC, and CPSC and to increase the independence of EPA.

-- H.R. 1618 and H.R. 3876 to regulate commerce and to provide for increased supplies of natural gas, oil, and related products at reasonable prices.

-- H.R. 3468 to increase regulatory commission independence through requiring Senate confirmation of the chairmen, fixed terms for the chairmen, increased budgetary independence, and strengthened conflict of interest requirements.

-- Cosponsor H.R. 4111 to remove barriers to competition in the securities industry.

Comment:

-- One of the authors of the Securities Act Amendments of 1975. Strong proponent of health and safety regulation but proponent of regulatory reform of economic regulations. Advocates increased independence of regulatory commissions.

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Rogers, Paul G. (D.-Florida)

Committee Assignment: Chairman, Commerce Subcommittee on Health and the Environment

Member, Merchant Marine and Fisheries

Leggett, Robert L. (D.-California)

Committee Assignment: Chairman, Merchant Marine and Fisheries

Bill Introduced:

-- H.R. 6709 to terminate Presidential authority to suspend the Davis-Bacon Act.

Comment:

-- Protector of the American Merchant Marine. Opposed to competition from foreign shipping. Has proposed legislation in this area over the years. Cosponsor of measure to establish independent board to control prices but with no authority over wages.

Wright, James C., Jr. (D.-Texas)

Committee Assignment: Chairman, Public Works and Transportation Subcommittee on Investigations and Review

Comment:

-- Supporter of airline industry. Advocates greater CAB regulation of competition. Cosponsor of measure to create independent board to control prices but with no authority over wages.

Howard, James J. (D.-New Jersey)

Committee Assignment: Chairman, Public Works and Transportation Subcommittee on Surface Transportation

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Jones, James R. (D.-Oklahoma)

Committee Assignment: Member, Ways and Means Committee

Bills Introduced:

-- H.R. 4424 to establish a National Commission on Regulatory Reform.

Devine, Samuel L. (R.-Ohio)

Committee Assignment: Ranking Minority Member, Interstate and Foreign Commerce Committee

Bills Introduced:

-- Cosponsor H.R. 2633 and H.R. 2650 to assure, in part, increased supply of natural gas at reasonable prices, and to alter regulatory practices governing energy facilities.

-- H.R. 3411 to repeal fair trade laws.

-- Cosponsor H.R. 3273 and H.R. 3630 to assure natural gas needs are satisfied.

-- Cosponsor H.R. 7118 to require estimates of average cost for each taxpaying family be included in proposed legislation.

-- Cosponsor H.R. 6571 to repeal fair trade laws.

Comment:

-- Cosponsored a bill which would deregulate new natural gas.

Anderson, John B. (R.-Illinois)

Committee Assignment: Member, Joint Committee on Atomic Energy

Bills Introduced:

-- Cosponsor H.R. 5199 to repeal fair trade laws.

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Horton, Frank (R.-New York)

Committee Assignments: Ranking Minority Member, Government Operations

Ranking Minority Member, Government Operations Subcommittee on Legislation and National Security

Member, Joint Committee on Atomic Energy

Bills Introduced:

-- Cosponsor H.R. 2650 to assure, in part, increased supply of natural gas at reasonable prices, to alter regulatory practices governing energy facilities.

Comment

-- Proponent of formation of Commission on Federal Paperwork. Appointed Member of the Commission. Proponent of Consumer Agency.

Archer, Bill (R.-Texas)

Committee Assignments: Ranking Minority Member, Ways and Means Subcommittee on Social Security

Bills Introduced:

-- H.R. 3387 to repeal Davis-Bacon Act.

-- H.R. 3753 to deregulate natural gas.

-- H.R. 7118 to require estimates of average cost for each tax-paying family be included in proposed legislation.

Comment:

-- Tends to be proponent of regulatory reform. Particularly opposed to Davis-Bacon Act.

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Thone, Charles (R. -Nebraska)

Committee Assignments: Ranking Minority Member, Agriculture Subcommittee on Department Operations, Investigations, and Oversight

Ranking Minority Member, Government Operations Subcommittee on Government Activities and Transportation.

Bills Introduced:

-- Cosponsor H. R. 2277 to establish a National Commission on Regulatory Reform.

Cederberg, Elford A. (R. -Michigan)

Committee Assignment: Ranking Minority Member, Appropriations Subcommittee on State, Justice, Commerce, and Judiciary

Bills Introduced:

-- Cosponsor H.R. 2650 to deregulate new natural gas.

Comment:

-- Views on regulatory reform are not known at this time. Not known to be active in any regulatory area.

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SENATE MEMBERS ATTENDING REGULATORY REFORM MEETING

Pastore, John O. (D.-Rhode Island)

Committee Assignment: Chairman, Commerce Subcommittee on Communications

Bills Introduced:

-- Cosponsor of S. 200 to create independent consumer agency.

-- Cosponsor of S. 1136 to authorize appropriations for increases in antitrust activities of FTC and Antitrust Division of Justice.

Comment:

-- Tends to advocate greater government regulation of the communications industry.

Hartke, Vance (D.-Indiana)

Committee Assignment: Chairman, Commerce Subcommittee on Surface Transportation

Chairman, Commerce Special Subcommittee on Freight Car Shortage

Bills Introduced:

-- S. 923 to amend the Interstate Commerce Act to prohibit discriminatory practices that undermine competition and to apply the principles of antitrust laws to the competitive practices of regulated carriers.

-- Cosponsor S. 692 to establish new natural gas ceiling prices and to eliminate the distinction between interstate and intrastate prices.

-- Cosponsor S. 1136 to authorize appropriations for increases in antitrust activities of FTC and Antitrust Division of Justice.

-- S. 1876 the Administration's Rail Revitalization Act, by request.

Comment:

-- Principal attention has been concentrated on regulation of the rail industry. Introduced Administration's Rail Revitalization Act.

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Moss, Frank E. (D.-Utah)

Committee Assignment: Chairman, Commerce Subcommittee on Consumers

Bills Introduced:

-- Cosponsor S. 200 to create independent consumer agency.

-- Cosponsor S. 408 to repeal fair trade laws.

-- S. 644 to prohibit the White House, OMB, or any other executive agency from approving the appointments to the Consumer Product Safety Commission on anything other than professional qualifications.

-- S. 643 to require Federal testing of consumer products so as to increase competition in the marketplace and to lower barriers to entry into the marketplace.

-- Cosponsor S. 1136 to authorize appropriations for increases in antitrust activities of FTC and Antitrust Division of Justice.

Kennedy, Edward M. (D.-Massachusetts)

Committee Assignment: Chairman, Judiciary Subcommittee on Administrative Practice and Procedure

Bills Introduced:

-- Cosponsor S. 200 to create independent consumer agency.

-- Cosponsor S. 408 to repeal fair trade laws.

-- S. 796-800 to improve administrative procedures of departments and agencies (viewed by the Senator as part of regulatory reform).

-- Cosponsor S. 1136 to authorize appropriations for increases in antitrust activities of FTC and Antitrust Division of Justice.

-- Offered three amendments to S. 409 extending the Council on Wage and Price Stability which would extend its authority through FY 1976, increase its staff, and increase its authority.

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-- S. 1289, Open Communications Act of 1975, to require executive branch officials to maintain a public record of ex parte communications. (Note: cosponsored by Ribicoff)

Comment:

-- Played catalytic role in focusing attention on regulation of the airline industry. His efforts have created some friction with legislative committee of jurisdiction. May 13th Congressional Record carried notice of Kennedy's intention to submit legislation to authorize courts to award fees to citizen groups who bring successful NEPA suits.

Ford, Wendell H. (D.-Kentucky)

Committee Assignment: Member, Commerce Committee

Subcommittee Assignments: Consumer, Foreign Commerce and Tourism, and Surface Transportation

Bills Introduced:

-- Cosponsor S. 200 to create independent consumer agency.

Ribicoff, Abraham A. (D.-Connecticut)

Committee Assignment: Chairman, Government Operations

Subcommittee Assignment: Chairman, Finance Subcommittee on International Trade

Bills Introduced:

-- S. 200 to create an independent consumer agency.

-- Cosponsor S. 857 to increase the independence of the regulatory commissions by requiring Senate confirmation of the chairmen, fixed terms for the chairmen, increased budget independence, and strong conflict of interest requirements.

-- Cosponsor S. 1136 to authorize appropriations for increased anti-trust for FTC and Antitrust Division of Justice.

Comment:

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-- Chief sponsor of the Consumer Agency. Strong proponent of administrative reforms within the regulatory commissions.

Hruska, Roman L. (R. -Nebraska)

Committee Assignment: Ranking Minority Member, Judiciary Committee

Ranking Minority Member, Judiciary Subcommittee on Antitrust and Monopoly

Comment:

-- Sporadic free market proponent but has delayed consideration of fair trade repeal and antitrust laws. Voted nay on Consumer Agency.

Pearson, James B. (R. -Kansas)

Committee Assignment: Ranking Minority Member, Commerce Committee

Ranking Minority Member, Commerce Subcommittee on Aviation

Bills Introduced:

-- Introduced S. 269, Natural Gas Act Amendments of 1975, for partial deregulation of natural gas.

-- Cosponsor S. 1876 Rail Revitalization Act.

Comment:

-- Cosponsor of Administration's rail bill. Not seen as advocate of regulatory reform. Voted yea on Consumer agency.

Fannin, Paul J. (R. -Arizona)

Committee Assignment: Ranking Minority Member, Interior and Insular Affairs

Ranking Minority Member, Interior Subcommittee on Minerals, Materials, and Fuels

Ranking Minority Member, Finance Subcommittee on International Trade

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Bills Introduced:

-- Cosponsor S. 15 to require the Congressional Budget Office to prepare inflation impact statements on legislation in both the House and the Senate.

-- Cosponsor S. 926 to remove antitrust exemption from labor organizations and their activities.

Comment:

-- General support of free market. Voted nay on Consumer Agency.

Percy, Charles H. (R.-Illinois)

Committee Assignment: Ranking Minority Member, Government Operations Committee

Ranking Minority Member, Government Operations Permanent Subcommittee on Investigations

Bills Introduced:

-- Cosponsor S. 200 to create an independent consumer agency.

-- Cosponsor S. 363 to restore independence of certain regulatory commissions.

-- Cosponsor S. 1136 to authorize appropriations for increases in antitrust activities of FTC and Antitrust Division of Justice.

Comment:

-- Voted yea on Consumer Agency.

Stafford, Robert T. (R.-Vermont)

Committee Assignment: Ranking Minority Member, Subcommittee on Transportation, Public Works Committee

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Bills Introduced:

-- Cosponsor S. 65 to require the Congressional Budget Office to prepare fiscal notes for legislation.

-- Cosponsor S. 408 to repeal fair trade laws.

Comment:

-- Voted yea on Consumer Agency.

Javits, Jacob K. (R.-New York)

Committee Assignment: Ranking Minority Member, Government Operations Subcommittee on Oversight Procedures

Ranking Minority Member, Labor and Public Welfare Subcommittee on Labor

Member, Select Committee on Small Business

Bills Introduced:

-- Cosponsor S. 200 to create an independent consumer agency.

-- Cosponsor S. 1136 to authorize appropriations for increased antitrust activities of FTC and Antitrust Division of Justice.

Comment:

-- Voted yea on Consumer Agency.

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A. NATIONAL COMMISSION OF REGULATORY REFORM (NCORR)

Question:

Last fall you called for the enactment of a National Commission on Regulatory Reform. Two Senate Committees considered the proposal. You have resubmitted similar legislation this Congress and several House Members have introduced their own versions of the bill. But you also indicate you want fast action on a number of specific reform bills. Does this mean you no longer want a Commission constituted? If so, why? If not, why not?

Answer:

We continue to believe a Commission could be a useful way to jointly work on reforming government regulations. However, further sessions such as this could be utilized to bring Congress and the Executive together to discuss the results of our various studies.

Question:

Several Committees in both Houses have announced plans to conduct their own studies of transportation, banking, etc. Do we need a Regulatory Reform Commission in addition to these?

Answer:

My Administration is available to work with the Congress on these studies. However, a Commission that looked at the full range of Independent Regulatory Activity could bring a broader and more coherent pattern to the study of this important problem.

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Question:

Your proposal for an NCORR called for a review of only the Independent Regulatory Commissions. What are you doing to achieve similar reforms in your own Executive Departments, where you don't need legislation to effect change? Give us some specific examples of results you've achieved in this area?

Answer:

I have asked CWPS to review carefully all government regulatory activities. For a new agency, I think they have had good success in bringing public attention to the costs of regulation. I have also asked my Cabinet to look at their own regulations in order to avoid growth in government control over the private sector.

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B. Agency for Consumer Advocacy (ACA)

Question

Congress has proposed an ACA to lead the kind of fight that is really needed to represent the interest of consumers. This is not a proposal for a new regulatory body; it would be a central location for gathering data, receiving consumer complaints, coordinating with the many State and local consumer advocates, etc. Yet, you have opposed the idea. We don't disagree that the American system of competition is good, but even in the best of markets where competition is keen (e.g.,retail drug and food stores), there are plenty of cases of legitimate consumer grievances. (Look at the fight it took to get unit pricing adopted in some grocery chain stores!) How do you justify your opposition to ACA on these grounds?

Answer

I agree with the objectives of the sponsors of this agency, however, I do not believe that a new agency is better than improving the agencies we have to meet this objective. My experience is that governmental advocate organizations aren't as effective as fundamental improvements in existing structures. All of my legislation seeks to make such improvements.

Question

Didn't it take a centralized Federal effort to bring environmental awareness and action? We have done the same thing to consolidate our approach to law enforcement grants, drug management, economic policy advice, civil rights and many other desired public goals? Why not consumer interests? Are they less important that we can continue our splintered approach?

Answer

The proposed ACA would be an advocate with new authorities and would not replace existing powers in the present agencies. I feel the area of consumer interests is too broad to be effectively represented by one organization. We need better awareness within the decisionmaking agencies, and that is what I have asked for.

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Question

Doesn't your proposed regulatory reform effort really represent a way for you to have another excuse for opposing ACA? Can't we really achieve most of the improvements you advocate through administrative action and a stronger consumer's voice within Federal agencies?

Answer

It is probable that much can be done administratively, but in many cases the agencies' hands are tied. Where this is so or where the agencies do not act, I will propose legislation to remove these constraints.

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C. INFLATION IMPACT ANALYSIS

Question:

You have touted your inflation impact statements as a major achievement of the Executive branch in helping to get a better fix on the costs of government. But recent news stories indicate that after 8 months, your agencies still don't have adequate criteria for conducting these analyses, and some of your major regulators (the FEA, for example) have been fighting to be exempted from the process. Are these stories true? What are you doing to put some real impact into this program?

Answer:

The inflation impact statement is an important initiative in responsible government. But let's understand what it's intended to do before we judge how well it's doing.

By Executive order, I required that Executive agencies carefully evaluate the economic effects of major proposals for legislation, regulations, or rules. These are to be completed before the legislation is sent to Congress, or before the rule or regulation is promulgated. This requirement is to ensure that Federal executives are aware of full costs of their actions and alternatives which may be less costly are considered. In summary, the inflation impact statement process places an explicit emphasis on cost considerations. An assessment of how well we're doing ought to focus on how carefully executive offices are identifying and considering the cost consequences of their actions.

Based on the legislative proposals I have seen and on the reports I receive, we have made a good beginning. Considerable analytical effort is being devoted to identifying cost burdens on consumers. Members of the Cabinet have pledged their personal attention to this effort. The Council on Wage and Price Stability and OMB are playing an active role in assuring attention to costs. All 25 agencies that are included are expected to give the highest priority to this initiative.

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Question:

What specific results have been achieved so far by your agencies in analyzing inflation impacts? Can you give us examples of proposals that have been rejected or modified because the analysis was inadequate or showed too great an inflation impact?

Answer:

Specific results are hard to pinpoint, because we don't see the proposals until after the analytical and evaluative effort has gone into them. The Executive order focuses on the effort prior to the final proposal, where alternative approaches can be rejected or modified with ease. We don't find out about all the modifications. Nevertheless, I am informed by Al Rees that executive agencies have been responsive, working with his staff to perfect analyses and to review alternate approaches.

Question:

Did your advisers give you such an analysis when they recommended you increase the import tariff on petroleum products?

Answer:

Yes, the inflation impact analysis of the imported oil tariff was a part of a very extensive analysis and report prepared by FEA covering our entire energy program proposals. The same applies to the natural gas deregulation proposals. FEA has continued to update and refine these analyses in the interim.

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Question:

Your Agriculture Department has been trying to change beef grading standards that would probably result in higher prices for poorer quality meats. A Federal court ruled they couldn't take the action because they hadn't complied with your inflation impact order? Why didn't they? What have you done about it?

Answer:

I am informed the Agriculture beef grading decision is still in litigation, so it would be inappropriate to discuss it in any length. I would just add that Agriculture did provide the Council on Wage and Price Stability a timely summary of their analysis, which the Council considered adequate.

Question:

As you know, the House last year changed its rules to require inflation impact analysis for reported legislation. The Senate version of the Consumer Advocacy Bill calls for similar analyses of government actions, but would make the requirement a public law, rather than just an Executive Order which you or your successor can change or abolish any time. Do you support the idea of making these statements a statutory requirement?

Answer:

Although I can't comment specifically on this legislation, I commend the Congress for the support of the concept of fully considering all costs before the government takes a major action. However, we should be cautious that we not create a paperwork bureaucracy while trying to achieve this desirable result.

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D. LEGISLATION TO GIVE THE REGULATORY COMMISSIONS GREATER INDEPENDENCE

Question:

The Federal Trade Commission now has partial authority to represent itself in court (rather than use the Justice Department) and the ICC has had this right since 1913. Why shouldn't the other independent commissions have this authority?

Answer:

When litigation involving the Federal Government is conducted under direct supervision of the Attorney General there is a much greater ability to develop consistency in legal interpretations and litigative policy. The burden on the courts can be made easier through the unifying effect of litigation by a single agency--the Justice Department. I do not perceive that this arrangement threatens the independence of the Commissions in basic policy matters.

While handling Federal regulatory litigation through the Justice Department has many advantages for all parties concerned, it imposes an obligation on the Attorney General to assure that his Department is responsive to the program needs of the Commissions they represent. It must be a close partnership and sensitive to the concerns of each.

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Question:

Two Commissions (Commodity Futures Trading which President Ford signed and Consumer Product Safety) now submit their budgets to the Congress directly, at the same time their requests go to OMB. Now that Congress has created its own non-partisan Budget Office, why shouldn't all the "arms" of Congress be treated the same? OMB does not control the budget for GAO, the Library of Congress, the Architect of the Capitol. Why should it do that for these other agencies of the Congress?

Answer:

The question has several parts to it. First, I do not regard the regulatory commissions as equivalent to GAO and the others in their status as "arms" of Congress. Apart from any question of their formal placement in our three separate and equal branches, there is the practical consideration that the regulatory commissions have enormous impact on our national economy. Their mission in life is by no means comparable to the Congressional support functions of GAO or the Library of Congress.

Secondly, as to the budget part of the question, I think Mr. Lynn will be very willing to discuss with Congress the budget procedures for the regulatory Commissions that will best serve your concern for insuring the independence of the Commissions, and my concern that their programs be comprehensively and rationally viewed along with those of related agencies. Perhaps there is room for modifying the arrangement laid down by Congress in the Budget and Accounting Act of 1921 and for reflecting recent budget reform legislation. In any case, we do not intend that the budget process should impair the independent judgment of the Commissions, but we feel that a coordinated review can be helpful to the Congress as well as to the President.

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Question:

Last year you signed a bill giving the SEC, the Federal Reserve, the Federal Home Loan Bank Board, the FDIC, and the National Credit Union Administration the right to send their legislative proposals directly to Congress, without OMB interference. CPSC and CFTC also have this legislative independence? Why shouldn't the other regulatory commissions?

Answer:

I think the job of legislative clearance is probably misunderstood. It gives the President a chance to present a unified legislative program, but equally important, it gives all concerned Agencies (the Regulatories and the Executive Branch) the opportunity to review and comment on proposals by other Agencies which would affect their operations. Last year, I signed the bill you mention, because I felt it important to increase the level of coverage for Federally insured savings institutions. I did so with stated reservations about the sections on legislative independence. I have proposed a bill this year to repeal these provisions.

Question:

You've indicated here that you'll meet soon with the 10 major Independent Commissions, but you have not included the Federal Reserve, the FDIC, FHLBB, Comptroller of the Currency, or National Credit Union Administration. Since these agencies control the Federal government's responsibilities for the Nation's entire banking and thrift activities, and you have sent up legislation to change their authorities, why haven't you invited them? Who could be more independent than the Federal Reserve?

Answer:

The nature of the operations of these agencies and particularly the FED appeared to us to be different than what are generally considered the 10 Independent Regulatory Agencies. However, if you have suggestions for future sessions that might focus more directly on their problems, I would certainly consider them carefully.

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E. REAUTHORIZATION OF CWPS

Question:

You have spoken out strongly on the need to enforce and strengthen the antitrust laws. One of the ways this can be accomplished is to have the FTC gather more data on large, conglomerate companies' individual product line operations. Yet the Administration for several years has resisted giving FTC this authority and has opposed the Senate's adoption of similar language for CWPS. Can you explain this discrepancy? How can we have more diligent enforcement of our anti-monopoly laws if government agencies can't have regular access to the information necessary to prosecute cases?

Answer:

The FTC program, as you know, is in litigation and I do not think it would be appropriate to comment on it specifically. However, I support authority to gather information from specific companies whose actions appear questionable. The Justice Department and the FTC have strong subpoena powers now, and we will be working with Congress to modify and improve their authorities as part of an overall effort to strengthen antitrust enforcement. Because CWPS does not have authority over prices or wages, I do not feel that subpoena authority is necessary.

Question:

You have said that CWPS would be a watchdog agency to monitor private sector wages and prices and intervene as an advocate when necessary. They are also supposed to review proposed regulations within the Executive. What have they actually accomplished in the nearly one year that they've been in business?

Answer:

They have raised questions about the potential inflationary impact of rules proposed by many executive branch agencies including FEA, OSHA, NHTSA, and EPA. Their aim in this has

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been to try to get these agencies to see if they could achieve their objective at a lower cost to those being regulated and to consumers who ultimately must pay the bill. Indeed, this is the principal idea behind the Inflation Impact Statement program--not to stop new rules and regulations, but to make agencies more aware of the costs they are imposing on the private sector. CWPS has played an important role not only in implementing the program but in improving the quality of the analyses performed by the agencies.

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F. QUESTIONS ON SPECIFIC LEGISLATION

Question:

The Congress has to review and reauthorize the Federal Reserve's authority to set savings interest rates before the end of this year. What action will you recommend when the Administration is asked to testify?

Answer:

We have submitted a comprehensive Financial Regulatory Reform bill in the F.I.A. That bill seeks to equalize the opportunities for all financial institutions and to subject them to more equal tax treatment. We have suggested removing the interest rate regulation after 5-1/2 years. To do so without making other needed reforms would not best solve this complex regulatory problem.

Question:

In repeated speeches, you have called for "vigorous enforcement of the antitrust laws". Yet, your Administration is opposed to a bill, which has 43 co-sponsors in the Senate, to authorize substantially increased resources for the Antitrust Division and the FTC. The Defense Department spends in two hours what the Antitrust Division has to budget for an entire year! How do you reconcile your public statements with what your Administration has been doing?

Answer:

In the last two years, we have increased our antitrust enforcement budget by 44%. Future budgets will reflect the high priority I place on a vigorous antitrust policy. Although I commend Congress for indicating its support of antitrust, these latest bills, which seek to nearly triple their present budgets within three years, would add more resources than could reasonably be absorbed and utilized.

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Question:

While you claim to be interested in the reform of regulations that are wasteful, you recently decided to oppose Federal no-fault legislation that would replace an extremely wasteful and inequitable State regulatory system (i.e., State tort law). How do you reconcile these positions?

Answer:

We feel that many of the States are moving to rectify some of their insurance problems, and those that have adopted no-fault (Mass., e.g.) are debating the need for changes. Until it becomes more universally agreed on that States have not or can not take meaningful reforms in this area, we will continue to follow their actions closely but I shall oppose total Federal preemption.

Question:

You claim that you opposed Federal no-fault because it would be a preemption of States' individual rights. Yet your energy program proposed that States be required to grant rate increases for power companies within 5 months if an action had not been taken by their Public Utility Commission. Isn't that just as strong a Federal preemption?

Answer:

We have a severe National power emergency--we need swift action to insure adequate conservation methods and adequate supplies of power to meet the necessary and minimum levels of consumption this country will require for its further economic growth. That is why I have suggested this legislation.

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Question:

Senator Kennedy (or Hart) introduced legislation earlier this week that would remove the immunity of both the independent regulatory agencies and other Federal agencies from the antitrust laws and would give the Attorney General and the Federal Trade Commission new enforcement capabilities needed to achieve your antitrust goals. Yet, the Administration has not come forward with its own program in this area. Is there a reason why this important potential role has been ignored?

Answer:

The Administration has been focusing its legislative program on individual sectors--railroad, trucking, airlines--attempting to provide increasing price and entry flexibility while carefully looking, in every case, at the application of the antitrust laws to the existing regulatory scheme. In each sector, we have looked most carefully at the antitrust immunity of industry rate bureaus and are taking remedial steps. An Antitrust Immunities Task Force is looking at selected problems in other areas.

While I believe this selective approach is essential, the Administration will, of course, look carefully at your proposed legislation to see how it might complement the approach it has been taking.

Question:

You've announced several times that you will soon be sending the Congress major reform legislation for truck and airline regulations and for changes in the Robinson-Patman Act. How soon can we really expect these?

Answer:

We will send legislation to reform the Robinson-Patman Act by July 30. Truck legislation will be earlier, air legislation around the same time.

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Question:

Your statements on antitrust enforcement make me wonder whether you would advocate taking actions to reduce or break up the power of labor unions, which represent a significant source of economic power and concentration. Would you elaborate on your philosophy in this regard?

Answer:

This is an important area although it is not an easy one. We must insure that workers continue to have the right to collective bargaining. We must also insure that this right is exercised fairly. I would appreciate any views you may have as to whether there is a problem here which deserves our mutual attention.

Question:

Months ago, the Administration was asked to comment on legislation to expand the investigative authority of the Antitrust Division, to strengthen the FTC's subpoena authority, and to authorize suits by States to recover damages suffered by their citizens as a result of antitrust violations. Still, we do not have an Administration position. Why?

Answer:

The Justice Department and FTC testified on S. 1284, pointing to both the good and bad features of the bill, but time did not permit a decision whether the Administration supports the legislation. Our views should be ready for submission to the Congress within a week.

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G. Questions of a General Nature

Question

Have you set a date for your announced meeting with the Regulatory Commissioners? Will it be along these lines, or open to the press and public? Can those of us interested in regulatory reform issues attend?

Answer

The date is July 9. I believe it should be open to the press and if any of you would like to attend you are welcome to.

Question

In a period of severe unemployment and economic uncertainty, won't your regulatory proposals cost many people their jobs?

Answer

No. Our proposals will carefully phase in regulatory changes so that minimum disruption occurs. This will permit the industry to gradually adjust.

Question

Isn't the Administration intending to undo many of the environmental and safety improvements won over the past few years? You have vetoed the Strip Mining Bill and objected to a number of important provisions on the toxic substances legislation which Congress seeks to enact. How do you reconcile these positions with your statements that you are committed to sound health and safety standards?

Answer

In these areas, we are not talking about who wants the most safety and the most protected environment. Instead, we are trying to identify the best way to achieve these national goals. We believe that more flexibility and more realistic targets should be set so that we are clearly achieving the greatest benefit at a cost we can afford.

R. FORD LIBRARY

Question

Since the Regulatory Commissions are "arms" of the Congress, why is the Executive intruding so heavily on their mandates and operations.

Answer

These agencies have a major affect on our economic and social well being. The Congress and the Executive have a joint responsibility in insuring that they operate most efficiently and in keeping with our national goals.

Question

You've spoken about the need to have well qualified Members serve on these commissions. You will have a number of appointments to make over the next year. Can you give us some feeling for what "well qualified" really means? Will you propose or support legislation to prohibit ex-Commissioners from serving in their regulated industries once they leave government service?

Answer

I will look for men and women who have breadth of background and an understanding of broad public policy issues. Clearly, we do not want conflict of interest and we want our Commissioners to be first and foremost protectors of the consumer interest. I am not certain of the best way to achieve that goal or whether this legislation is the best approach.

Question

You have complained about Congress dragging its feet on the energy legislation. But last fall Congress authorized three study Commissions to review and report on important problems that fall within the regulatory area. They are: The Paperwork Commission, Supplies and Shortages Commission, and Electronic Funds Transfer Commission. After eight months, you have only just announced the appointees for one of these, and there is no word on the other two. How can you criticize 535 Members of Congress when you alone are completely in control of the selection and appointment process for these vital studies?

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Answer

The Personnel Office has been deluged with appointments that must be made. We must be very careful in investigating the backgrounds of individuals proposed for appointments. However, eight months is clearly too long. Let me look into this and see if I can't get some action.

Question

One of the big problems with regulatory agencies is that they don't have enough money to do their jobs. Do you plan to recommend increased budgets for these agencies?

Answer

We have looked closely at the Regulatory Agencies budget requests and will continue to do so in the future. In areas where increases are needed, (such as the FTC and CAB) we have requested them from the Congress.

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H. COSTS

Question:

Your Administration has been circulating outrageous estimates that put the annual cost of Federal regulation at more than the annual personal income tax collections of $131 billion--more than $2,000 for every American family. You personally referred to these estimates in your April 18 speech in New Hampshire and they have subsequently been widely quoted in the press. Yet, your Administration has been unable to support these cost claims. Will you defend them?

Answer:

The articles to which you refer are inaccurate in that I did not suggest that $2,000 was the cost of "federal regulation" alone. Instead, I called attention to estimates that put the combined costs of Government regulation (including State and local) and restrictive monopoly practices in the private sector at more than the personal income taxes paid by the average family.

The estimates to which I referred include a number of studies by economists, academicians, Federal agencies and public research centers which have focused on the costs of various types of regulatory activities. Admittedly, the validity and credibility of the figures vary. Overall, they support my statement. And as I have said, "even if the real costs are only a fraction of this amount, it is an intolerable burden on our pocketbooks.

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