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THE WHITE HOUSE  
WASHINGTON

May 28, 1976

*J. Al Hoop*

MEMORANDUM FOR: JIM CANNON

FROM: STEVE McCONAHEY

*SM*

Attached is an advanced transcript of the remarks given by the Vice President at the National Conference on Regulatory Reform last Wednesday.

You will note that he prefaced his prepared remarks with a brief discussion of government-to-government regulations, which is a subject he termed "close to my heart."

As an initial step in launching our program, I believe it would be useful for us to have a session with the Vice President, to outline our program and get his thoughts and reaction. I am attaching a copy of our memorandum for the President, which you may wish to forward to the Vice President, along with the suggestion that we meet with him.

Attachments

THE WHITE HOUSE

WASHINGTON

May 27, 1976

MEMORANDUM FOR: THE PRESIDENT

FROM: JAMES M. CANNON  
JAMES T. LYNN

SUBJECT: Government-to-Government Regulations Reform Program

Attached to this memorandum is a plan of action and related materials establishing a program to relieve state and local governments of excessive Federal regulations. This proposal is in response to your request of May 7, 1976.

The proposed program includes the following key elements:

- Immediate attention focused on selected priority problem areas, with initial reform results by September 1.
- Consultation with and participation by representative state, county and local officials in the program, including the final identification of program targets.
- Initial focus on the three existing block grant programs, which are experiencing gradual "recategorization" through regulations.
- Primary responsibility for program results assigned to the department and agency heads, who will be tasked with drafting and implementing individual agency action plans.
- Joint Domestic Council/OMB oversight.

The specifics of the program are outlined and discussed in Tab A. The program will be under the general direction of Steve McConahey, your Special Assistant for Intergovernmental Affairs, with day-to-day management of the program directed by Ray Hanzlik, who ran the Domestic Council public hearings last fall.

Tab B is a memorandum to the Cabinet outlining their role and responsibilities in the program.

Tab C is a suggested list of Presidential actions in support of the program. We recommend a briefing and discussion of this effort occur at the next Cabinet meeting.

APPROVE \_\_\_\_\_

DISAPPROVE \_\_\_\_\_

COMMENT:

Attachments

A

ATTACHMENT A



GOVERNMENT-TO-GOVERNMENT REGULATIONS  
REFORM PROGRAM

This proposal sets forth a plan of action in response to the President's request of May 7, 1976, to initiate a program that will relieve state and local governments of excessive Federal administration regulations.

THE SITUATION

Two major themes of this Administration have been the reduction of big government, and the return of more authority to state and local governments. A number of Presidential actions has given substance to these themes, with the block grant proposals and support for the re-enactment of general revenue sharing being prime examples. Moreover, this commitment to rebalance the relationship between the Federal government and state and local governments has gained strong bi-partisan support.

Unfortunately, the President's initiatives and reforms in Federal assistance to state and local governments are seriously undermined by the administrative regulations and procedures imposed on state and local officials by Federal agencies. This problem is most acute in categorical grant programs, which represent eighty-percent (\$48 of \$60 billion) of the Federal aid that goes to states and localities. However, evidence is also available to suggest that the existing block grant programs are becoming increasingly regulated by administrative actions. Although some of these program regulations reflect a Congressional mandate, a substantial number are administratively initiated.

The administrative and management burden imposed on state and local governments by these regulations has reached the point where it is now the primary inter-governmental issue for governors, mayors and county officials.

Evidence of the seriousness and urgency of this problem has come from many sources. Testimony on the subject by state and local officials was heard at each of the Domestic Council Public Forums held last fall. Federal over-regulation and program management were priority subjects discussed at the February meeting of the National Governors Conference. Secretary Simon, in his meetings with governors over the past year, has collected extensive data supporting this Federal imposition on state and local administrations. The Advisory Commission on Intergovernmental Relations, the National Commission on Productivity, the Federal Paperwork Commission, the National Science Foundation, and Brookings have studied this question and urge remedial action. And, along with the professional literature, the media are giving this subject increased attention.

The message from state and local officials can be summarized essentially as follows: Many Federal administrative regulations promulgated by the departments and agencies are inconsistent, unnecessarily restrictive, overlapping, inflexible, insensitive to local needs, and/or unnecessary. Their impact increases program costs, compromises program benefits, complicates program administration, expands state and local bureaucracies, steals responsibility and decision-making authority from state and local officials, and adds to the beneficiaries' frustration and disillusionment with government. As one Governor has stated: "The best thing the Federal Government could do to help state and local government would be to get some of the regulations out of our hair and let us do the job."

Although the Administration is addressing the Federal regulatory problem, the efforts to date have not focused on government-to-government regulations. The focus of the Agenda for Government Reform Act program, announced on May 13, 1976, and the EPB task force effort to review specific Federal program regulations in FEA and OSHA is on the private sector and the general economy. Moreover, the recent OMB proposal on management initiatives, though including some aspects of regulatory reform, concentrates on the control and oversight of the Washington bureaucracy.



As a result, a major gap exists in the overall regulatory reform effort. To fill this gap, a Presidentially directed and White House coordinated effort is required to attack the burdensome problem of government-to-government regulations, thereby committing action and resources to the President's policy of restoring to state and local governments their lost authority.

The time is ideal for Presidential action on this problem. The President's long-standing position against unnecessary Federal requirements on state and local governments is fully consistent with the sentiments of the people and their local officials. The current situation provides a ready-made opportunity to take the initiative on this big government issue -- an issue that impacts on the lives of most Americans and has contributed to the "anti-Washington" mood. Given the supportive attitude that most governors, mayors and county officials have for the President's intergovernmental policies, this opportunity affords a useful tool to mobilize strong bi-partisan support from these state and local leaders.

#### PROPOSED ACTION

In response to this situation, a joint White House-OMB program is proposed to focus needed Presidential attention on the problems of Federal government-to-government regulations. This program is designed to produce visible, near-term substantive results, while simultaneously instituting procedures to maintain a longer-term, comprehensive reform effort. Specifically, this effort is aimed to accomplish three objectives:

1. Implementation of reform measures for a select number of regulatory problem areas, identified as the most onerous for state and local governments, and adaptable to prompt administrative reform.

2. Establishment of uniform guidelines within the Executive Branch for consultation, review and comment by state and local officials concerning proposed new regulations, and Secretarial review and analysis prior to promulgation.
3. Initiation of an on-going reform program to encompass additional Federal assistance programs impacting on state and local governments.

The timing of this program and the availability of resources, along with the uniqueness of the problem and the constituency affected, dictate that the proposed program incorporate several essential elements:

- Primary responsibility for the program should be placed within the agencies building upon existing reform activities and stimulating new efforts where none exist; in both cases, agency resources and administrative mechanisms will be utilized. The creation of a new, ad hoc program structure should be avoided.
- White House leadership (jointly by the Domestic Council and OMB) and coordination throughout the program are required, especially to coordinate inter-agency efforts.
- The program should complement and not duplicate the other Administration regulatory reform efforts in progress: the task force program under Paul MacAvoy's direction; the management improvement effort initiated by Jim Lynn; the Agenda for Government Reform program headed by Ed Schmults.
- Final identification and selection of program targets must include inputs from state and local officials, who could also perform an on-going advisory role. Consultations with members of Congress may also be advisable at the appropriate time.

### PROGRAM END-PRODUCTS

As planned, this effort will aim at achieving specific improvements in Federal government-to-government regulations, including:

- Reduction of grant application paperwork and processing.
- Simplification and elimination of inconsistencies in planning requirements and documentation.
- Elimination of unnecessary and/or redundant reporting requirements.
- Elimination of unnecessary mandates; e.g., structural, service or organization requirements, not relating to program performance.
- Identification of legislative changes necessary to achieve administrative simplification.

### PROGRAM TARGETS

The final selection of specific targets will in part be determined through consultation with agency officials and state and local government representatives. However, at a minimum, four general target areas have been identified for initial attention:

#### 1. The Block Grant Programs.

There is growing evidence that existing block grants, designed to provide state and local governments maximum flexibility in the use of Federal funds, are being encumbered by administrative rules and procedures. One frequently cited example is the reporting on Affirmative Action/EEO compliance required by the CETA and LEAA block grant programs; another is inconsistent rulings by different agency regional offices through the ten Federal regions. These programs are currently under study by several organizations, including OMB, ACIR, Brookings and the National Academy of Sciences, as well as the program agencies. Results from these efforts will help determine what changes in regulations and procedures are necessary.

Three existing block grants to be studied under this effort are:

- Omnibus Crime Control and Safe Streets Act of 1968, administered by the LEAA, Department of Justice.
- Comprehensive Employment and Training Act of 1973 (CETA), administered by the Employment and Training Administration, Department of Labor.
- Housing and Community Development Act of 1974, administered by the Department of Housing and Urban Development.

## 2. Categorical Grant Programs.

The Federal categorical assistance programs for state and local governments present a very broad target for regulations reform, and the attention here will be selective and limited in the initial program phase. The breadth of this target, however, is partly offset by the large percentage of programs administered by one agency, the Department of Health, Education and Welfare. Fortunately, HEW has recently initiated an ambitious and comprehensive in-house regulatory reform program aimed at programs considered most burdensome to the states and localities. In this case, the White House program is designed to further energize the HEW effort, perhaps giving added focus to one or two key problem areas, and to activate similar programs in the other Federal agencies. Within this target area, specific elements of categorical programs may be selected for initial attention, such as planning requirements and plan utilization, reporting requirements, and audit procedures. And, some attention will be given to the simplification of categorical programs where block grant legislation has been proposed but not enacted (e.g., health, social services, education.)

### 3. Cross-Cutting Regulatory Problems.

Judging from comments and data available, one of the regulatory problems most troublesome to the states and localities is the inconsistencies and overlap among regulations issued by different Federal agencies. Several examples illustrate this issue:

- Guidelines differ across agencies on the nature of public participation required in the development of state plans necessary for Federal funding.
- Requirements imposed by Federal agencies on a single jurisdiction are in some cases duplicative, uncoordinated and at times contradictory.
- OMB and GSA Circulars establish uniform standards for Federal management practices, vis-a-vis state and local jurisdictions. Yet in practice, Federal rules, procedures and practices for each program tend to evolve independently and often at variance with the established standards.
- Agencies differ in their implementation of the Uniform Relocation Assistance Act, resulting in different assistance for similar situations.

The effort in this area will focus on specific cross-cutting regulatory problems in order to correct the most serious duplications and inconsistencies.

### 4. New Regulations Procedures.

The regulations problem area that arouses the most criticism from state, county and local officials is the lack of opportunity to comment on proposed Federal regulations and the lack of lead time to implement them. Moreover, some regulations do not receive a thorough Secretarial-level review prior to issuance. The practices for

consulting and review of new regulations vary widely, both among and within agencies. There is near-unanimous opinion that the established comment procedures for proposed new regulations are unevenly enforced, narrow in jurisdiction (permits comment only by the major public interest groups), and inefficiently administered by the agencies. Specific improvements will be sought through consistent guidelines for Secretarial review and state and local government consultation.

#### PROGRAM ORGANIZATION

##### The White House

Although the major responsibility for achieving the objectives of this program will rest with the agencies, visible and active White House leadership is essential to:

- Give the effort a clear Presidential mandate.
- Signal this mandate to the departments and agencies.
- Demonstrate to state and local officials the priority and seriousness of the program.
- Insure that the objectives are achieved in a timely manner.
- Provide coordination among the departments and agencies.

White House oversight will be a joint Jim Lynn/Jim Cannon responsibility, with general direction of the effort assigned to Special Assistant to the President for Intergovernmental Affairs, Steve McConahey and daily program management provided by Ray Hanzlik of the Domestic Council. Limited staff support will be detailed from the participating agencies, as needed, and a budget of \$10-25,000 from Domestic Council funds will be available for any meeting, travel, consultant or related administrative expenses.

Management of the effort will involve monitoring of progress, coordinating inter-agency efforts, bridging specific ideas with state, county and local experience. Specific corrective action will be reviewed by the normal channels of the Domestic Council, OMB, and other selected staff.

Office of Management and Budget

Program implementation is dependent on OMB program co-sponsorship and assistance, particularly from the management side of the organization. OMB will provide several essential elements of this program:

- o Program expertise and analytical capabilities needed to insure quality control in program results.
- o Linkage, where necessary, with the Federal intergovernmental field network, including the Federal Regional Councils and the Under Secretaries Group.
- o Jurisdiction and supervision of the A-85 Circular program, which is currently under OMB review, and which will be an integral part of the regulations comment procedures established by this program.
- o Coordination with the new management initiatives program, which includes some regulatory reform elements.
- o Reinforcement of the Presidential mandate given this program, which would be viewed skeptically by the Federal agencies and by state and local officials without OMB involvement.

A close, day-to-day working relationship between White House program personnel and appropriate OMB staff will be maintained throughout the reform effort.

### Federal Departments and Agencies

The heads of the departments and independent agencies will be tasked with the responsibility of drafting and implementing individual plans for agency regulations reform, and with supporting the elements of the overall program involving cross-agency efforts. Each department and agency head will be requested to appoint a high-level subordinate, with direct access to the Secretary or Administrator and with full authority to direct and manage the agency program. These agency program directors will collectively form a program "working group" that will meet regularly with White House and OMB program personnel to monitor and guide the progress of the overall effort.

### Advisory Resources

To insure an effective link between this effort and (a) state, county and local officials, as well as (b) White House policy, two advisory groups will be utilized:

#### A. The New Coalition

Key to the acceptance and success of this program is direct involvement by state, county and local officials. The New Coalition, a group of representative governors, mayors, county executives and state legislators (formed to provide coordinated response to intergovernmental and programmatic issues) provides an important source of ideas and advice for this effort. (Governor Bob Ray of Iowa is its current Chairman.) This group can assist in the identification of priority problem areas and suggest workable reforms. It will be called upon periodically to help select targets and provide reactions to possible improvements.

#### B. White House/OMB Advisory Group

An ad hoc advisory group within the White House, formed to provide policy guidance for the program, and to act as a coordinative group vis-a-vis related projects and efforts, will be convened periodically. Members of the group will consist of representatives from the Domestic Council, OMB, and other selected White House staff units.



On occasion, the Advisory Commission on Intergovernmental Affairs, the Productivity Commission, and other outside resources may be of advisory assistance.

TIMETABLE FOR ACTION

The program will be implemented in three phases. Phase I is the period between now and June 30, during which:

- The Cabinet will be briefed, agency resources assigned to the program, and individual agency plans of action drafted and reviewed.
- Specific program targets will be identified and selected; initial consultation with the New Coalition and other advisory groups will also occur during this period.
- Working plans will be drafted for updating procedures for regulation comment and review.
- Inter-agency groups will be organized as needed to attack high-priority cross-agency regulations.

Phase II begins with the implementation of the individual agency reform plans and will run through the remainder of the year. Initial results of this phase should begin appearing by September 1.

Phase III, which will begin sometime during Phase II, will focus on expanding this effort to other programs and instituting the improved procedures for the review of new program regulations prior to their issuance.

B

ATTACHMENT B



MEMORANDUM FOR: THE HONORABLE \_\_\_\_\_  
Secretary of \_\_\_\_\_

FROM: JAMES T. CONNOR

SUBJECT: Government-to-Government Regulations  
Reform Program

The President has directed the implementation of a program aimed at relieving state and local governments of the growing burden of excessive Federal public assistance program regulations. This effort is an important and integral part of the President's overall regulatory reform program. It is designed to support and build upon the individual departmental and agency reform programs already underway, providing central coordination and integration of the overall effort. The program has three stated objectives:

1. Implementation of reform measures for a select number of regulatory problem areas, identified as the most onerous for state and local governments, and adaptable to prompt administrative reform.
2. Establishment of uniform guidelines within the Executive Branch for consultation, review and comment by state and local officials concerning proposed new regulations, and Secretarial review and analysis prior to promulgation.
3. Initiation of an on-going reform program to encompass additional Federal assistance programs impacting on state and local governments.

Attached as Tab A is the plan outlining this effort, which includes the following key elements:

- Primary responsibility for program results to rest with the department and agency heads, who are tasked with drafting and implementing individual agency plans.
- Immediate attention to focus on selected priority problem areas, with initial reform results by September 1.
- Program targets to include regulations and procedures for the existing block grants, selected categorical programs, and procedures for comment and review of new regulations.
- Consultation with and participation by representative state, county and local government officials in the program.
- Joint Domestic Council/OMB program management and oversight.

The President has requested full support and participation by members of the Cabinet and heads of the independent agencies in this effort, and specifically requests the following actions be taken:

1. Appointment of a high-level subordinate with direct access to the department heads, to act as the departmental contact with the White House management group and as the in-house program director.
2. Preparation of a departmental plan of action based on the guidelines outlined in the attached plan and provided by the White House management group in a meeting scheduled for \_\_\_\_\_.  
Plans should be ready for review by \_\_\_\_\_.

3. Commitment of sufficient personnel and resources to insure substantive reforms in the selected target areas, with initial results evident by September 1, 1976.

The President recognizes the differences in program administration and regulatory practices among the various departments and agencies, and thus is giving maximum responsibility to agency heads to design and implement efforts tailored to individual agency requirements. White House oversight will provide necessary program coordination, inter-agency cooperation and policy guidance.

White House oversight will be a joint Jim Lynn/Jim Cannon responsibility, with general direction of the effort assigned to Special Assistant to the President for Intergovernmental Affairs, Steve McConahey, and daily program management provided by Ray Hanzlik of the Domestic Council.

ATTACHMENT C



PRESIDENTIAL ACTIVITIES

<u>Date</u>	<u>Event/Location</u>	<u>Presidential Action</u>	<u>Reason</u>	<u>Media Activity</u>
	Cabinet Meeting (Cabinet Room)	Briefing on Regulatory Reform Program	Kick-off effort	Possible Press briefing
Mid-to-late June	Major Speaking Forum (Before State Legisla- ture or similar body)	Speech on Big Government	Publicize Regulatory Reform effort	Full Coverage
June	Meeting of New Coalition (White House)	Discussion session with group	Signal priority of effort to state and local governments	Press Conference by New Coalition

FOR IMMEDIATE RELEASE

(May 26, 1976

Office of the Vice President  
(Washington, D. C.)

REMARKS OF THE VICE PRESIDENT  
AT THE  
NATIONAL CONFERENCE ON REGULATORY REFORM  
GRAND BALLROOM, L'ENFANT PLAZA HOTEL  
WASHINGTON, D. C.

AT 9:35 P.M. EST

THE VICE PRESIDENT: I am no longer governor, so you don't have to get up.

(Laughter)

Thank you very much, Mr. Naishitt, Ms. Shannon, Mr. Smith and ladies and gentlemen. I am honored and delighted to be here. I want to apologize for having held you up, but there was a group of eager members of the media who were interested in last night's developments. So we had a little discussion on the subject.

These are exciting days, depending on where you stand. But this is the thrill of living in a free country, and we are very fortunate. All I can say is let's keep it that way.

Now, I would like to say how delighted I am to welcome you to the National Conference on Regulatory Reform. This subject is dealing with the crucial growth and strength of our economy and, thus, the Nation itself.

Regulatory reform is an area of special concern and interest to me. I think that any of us who have a belief in our system and this Nation cannot help but have a deep concern.

I would like to say that, while we are discussing here largely the business aspect, productivity in business, as one who served for a number of years in local government, -- that is, the State of New York -- regulatory reform is equally important relating to State and local government.

While it is not in my text and not in your concern, there are 1,007 categorical grants that the Federal Government gives to State and local government, local agencies, each one of which has Congressional legislative restrictions and then Administrative restrictions, and they are constantly changed, and each one of which says that the State must enrich and improve its program in order to get the funds from the Federal Government. So if you feel you are set upon in business, just remember that governors and mayors and county executives and local legislators also are suffering the same fate.

I was talking to a head of a Latin American state and I said, "We are increasingly beginning to feel we represent foreign governments at the State level in the United States." So we sympathize with you and your problem.

That is not part of my discussion this morning, but this is such a sympathetic audience, I couldn't help mentioning a subject that is close to my heart.

MORE





Page 2

As many of you may know, I have the pleasure of serving as Chairman of the National Center for Productivity and the Quality of Working Life, which is the new name the Congress has given it. They have given it a new life, a new name, but as yet have not appropriated any money, which is sort of standard procedure these days. But you know how life is.

(Laughter)

Excuse my side comments.

(Laughter)

In carrying out its legislative mandate to help increase this Nation's productivity, the Center has chosen regulatory reform as an area for major concentration of its efforts.

Industry by industry, the Center is organizing task forces made up of management, labor, government regulators and economic and other experts involved in a particular industry. These task forces will attempt to identify the objectives for the area.

I happen to feel very strongly myself that this is an important factor, that so many of our regulatory agencies have been in existence for 100 years or more without reviewing the objectives for which they were created, sort of a natural evolution of growth without taking a fresh look.

If you take the aviation industry, for instance, one could ask, should our objective be to have an Air Canada in the United States or do we want to preserve private enterprise in the field? If so, what does it take to do it? Then you start from there and then you start to work backwards.

So if we are going to review regulatory activities, we have got to know what is the objective of the regulation, what is our national interest, and how do we achieve it. And then you work back from that and come to the second -- that is, identify the industry's major problems stemming from regulation; third, document the impact of regulation on the industry; and fourth, make recommendations for regulatory reform to improve productivity in that industry with an eye to maximizing national objectives in the area.

Now, this seems so simple that one wonders why one hasn't approached it on this basis before. But let's face it, if you have got an ongoing program of regulation in one area or another or an ongoing program in most any area, those involved don't automatically by themselves tend to step away and take a fresh look at what they are trying to do and where they are and then reexamine what they are doing in the light of that.

I think we have got the momentum to do it, and I think the American people, whether it is in government or whether it is in business, private enterprise, or whether it is even -- it is very interesting, I held hearings for the President around the country last fall and winter



in connection with his domestic programs and policies through the Domestic Council. We found that universally people were worried about the complexities of bureaucratic red tape in Washington. And that went for governors, heads of corporations, heads of labor unions right to welfare recipients, who were equally indignant about the indignities they suffered and the uncertainties.

So I think this is something that has the total attention of the American people, and they are looking to all of us to see how do we deal with this problem intelligently in the best national interests and do it efficiently. This country is known for efficiency, and I don't see why we shouldn't apply it in this area.

I am optimistic that this is the psychological moment to approach this. And I think the Productivity Center is one of the vehicles which can be very helpful and useful in this.

Now, because these task forces will be made up of the people directly dealing with government regulation, the people on the regulatory front line in a particular industry, I have great confidence in the realism and the relevance of the recommendations they are going to make.

I might say parenthetically that I had the privilege of being Chairman of a commission created by the Congress to review the 1972 Water Quality Regulations, which had five Senators, five Congressmen and five citizens on the Commission. We worked for three years, spent \$15 million of your taxpayers' money and found some very interesting things about the impact of the 1977 standards, the 1983 standards and the 1985 goal of no pollutants in navigable waters by that period.

This same could have applied to air quality standards. I don't have to mention that when the air quality standards on smokestack emission were applied to the foundries of the Nation, that 50 percent of the foundries went into bankruptcy. We found in the electroplating industry, if they applied the 1977 standards and the 1983 standards that are now on the books, 35,000 or the 70,000 American companies in the electroplating business would go into bankruptcy, because they can't afford to fulfill their obligations as set out by the Administration.

So we are dealing in very real terms with the heart of American life. Many Americans, including many in government -- particularly in Congress -- don't realize the implications of the laws they have passed, administrative procedures and particularly the constant change in administrative procedures.

I remember one governor, Governor Dan Evans of Washington, told a story when he was testifying before our committee, that they had prepared a program -- outstanding governor, too. I won't say what party.

(Laughter)

He had prepared a program asking for a \$7 million appropriation under some Federal grant in aid program.

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Page 4

They worked for months and prepared all the details, sent it to Washington and thought they had covered every angle. They got word, "Sorry; we changed the regulations since you prepared your program, so you will have to redo it." That's one side of the coin.

He told another side of the story and told how they worked out a way to save \$1 million. They sent that in for approval and they said, "Sorry; there is no provision in the regulations that call for savings."

(Laughter)

So we, really in our zeal to accomplish objectives have got ourselves a little bit tied up, if we can put it that way. We have lost a little bit of our flexibility which has been our strength and creativity and freedom of America.

Today I would like to approach this whole issue of regulatory reform in terms of an historical perspective -- in terms of the forces which have shaped America's growth. This is a good year, our 200th birthday. Two hundred years ago brave men signed a landmark manifesto not only for civil liberty but also for economic freedom. I think this is too often overlooked.

Important as it is to commemorate the Declaration of Independence as a landmark for civil rights, it is equally important to recognize it as a charter for economic freedom and opportunity.

The Founding Fathers recognized that individual liberty required economic freedom, that these two were wholly interrelated, and that one could not exist truly without the other. They knew that human dignity is destroyed not alone by suppression of civil rights but also by economic bondage. Our forefathers struggled against a system which sought to regulate their industry and commerce to a design set in London for the benefit of the British -- no disrespect to the British.

(Laughter)

They fought efforts to subject the vast American domain and its people to plans that subordinated America's growth and American aspirations to the service of an oligarchy in a far-off land, England.

The American Declaration of Independence, and the American Constitution that followed 13 years later, were not only historic milestones of a political revolution. They signified a major economic revolution as well, one that challenged government domination of trade, that broke the bonds of British mercantilism, that wiped out the remnants of feudal land laws imposed upon this country, and set loose the forces that ended indentured labor services and ultimately ended human slavery.

Two hundred years of human liberty and economic freedom produced an American enterprise and social system that has given ordinary individuals the widest possible



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6	opportunity under which their drive and productivity have	.6
7	achieved the highest standard of living in history. In	.7
8	these accomplishments, the United States developed a prag-	.8
9	matic balance between personal freedom and the common good.	.9
10		.10
11		.11
12	A realistic examination of the history of the	.12
13	American enterprise system reveals that it was by no means a	.13
14	totally private enterprise endeavor. Government has always	.14
15	played not only a significant but a crucial part in American	.15
16	economic life. The role involved not alone the negatives of	.16
17	restraints but the positives of promotion as well.	.17
18		.18
19		.19
20	This system achieved a productive balance between	.20
21	autonomy in enterprise and governmental direction and	.21
22	restraints in economic activity. These relationships between	.22
23	government and the public have been dynamic, not static, a	.23
24	continuing evolution politically and economically.	.24
25		.25
26		.26
27	And if you just want to think for a second, take	.27
28	the automobile industry, which is one of the greatest	.28
29	industries in this country, based on roads built by govern-	.29
30	ment, billions of dollars. One of the other great indus-	.30
31	tries in this nation, the aviation industry, is based on	.31
32	research and military plane development and construction.	.32
33	The farmers of America have all been related to government	.33
34	policies, starting with the land grants, the railroads,	.34
35	land grants of property. You go through the whole history	.35
36	of our country and there is a very interesting and exciting	.36
37	balance between the government and the private sector. And	.37
38	government has never hesitated to do those things which	.38
39	would stimulate national objectives and stimulate individuals	.39
40	and private enterprise in achieving those objectives.	.40
41		.41
42		.42
43		.43
44	Now, how does that balance stand today? Are the	.44
45	basic concepts set forth by the Declaration of Independence	.45
46	as sound today as they were 200 years ago? The Federal	.46
47	Government has played an extraordinarily constructive and	.47
48	essential role throughout our economic history. The tremen-	.48
49	dous dedication of loyal civil servants has made government	.49
50	work. And the need for Federal leadership and creative	.50
51	initiatives continues.	.51
52		.52
53		.53
54	Nevertheless, there are growing and legitimate	.54
55	claims that a dominant central government in Washington is	.55
56	already placing impediments and nonproductive restraints	.56
57	upon individual activity, voluntary association and economic	.57
58	enterprise. And, of course, the one that concerns me most	.58
59	is the willingness to take risks, the willingness to be	.59
60	creative. And that requires a framework of laws within	.60
61	which the freedom -- certainly, if you are going to invest	.61
62	\$100 or \$100,000 and you are not sure if the rules of the	.62
63	game are going to be changed while you are making the	.63
64	investment, you are just not going to make the investment.	.64
65	What I worry about is this is going to have a serious	.65
66	effect on the creative dynamic drive of our whole American	.66
67	enterprise system.	.67
68		.68
69		.69
70		.70
71	There are those who see a danger that this central	.71
72	government and its bureaucracy -- remote from the great	.72
73	productive regions of industry and commerce, remote from the	.73
74	farms, factories, mines and markets, remote from communities	.74
75	and their governments -- is enacting laws and laying down	.75
76		.76
77		.77
78	MORE	.78
79		.79



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6.	edicts that unnecessarily stifle growth and bear little	6
7.	relevance to the actual scene.	7
8.		8
9.	There are those who warn that designs set in	9
10.	Washington are stifling individual and corporate initiative,	10
11.	thereby constraining growth, productivity, and the necessary	11
12.	increase in job opportunities. And so we must ask ourselves:	12
13.	Is there a threat to human liberties today because economic	13
14.	freedoms are being restricted, initiative discouraged and	14
15.	individual creativity thwarted?	15
16.		16
17.		17
18.	Here in our own land, we run the risk of falling	18
19.	into the trap of thinking that human liberties and economic	19
20.	freedoms can exist one without the other. They never have	20
21.	and they never will. Throughout the world the thrust for	21
22.	individual liberty has been challenged and blunted by	22
23.	doctrinaire assertions that economic security must be the	23
24.	prime object of society. It is held by some that only	24
25.	centrally-adopted and centrally-directed planning and	25
26.	programming, and implementation by an all-powerful government,	26
27.	can achieve economic security.	27
28.		28
29.		29
30.		30
31.	The risk here in America is not so much that we will	31
32.	take up the worship of the false gods of totalitarian	32
33.	ideologies. It is more that we may drift into Statism by	33
34.	government's progressively legislating such overwhelming	34
35.	and detailed responsibilities for the ordering of society	35
36.	that liberty will be surrendered in the process.	36
37.		37
38.		38
39.	It was clear in the hearings on domestic policy	39
40.	that I held on behalf of President Ford around the country	40
41.	that there is a growing concern on the part of people in all	41
42.	walks of life -- that due to a great deal of well-intentioned	42
43.	but hastily-enacted legislation, enormous authority has	43
44.	already been delegated to a proliferating governmental	44
45.	bureaucracy under myriads of statutes, administrative rules	45
46.	and regulations, resulting in a maze of red tape.	46
47.		47
48.		48
49.	To comply with this ever-changing complex of laws,	49
50.	rules, regulations and orders has already become an ever-	50
51.	growing burden. It perplexes and inhibits individuals. It	51
52.	stymies small business. It stifles initiative and compounds	52
53.	the costs of large and small enterprises alike. Even deter-	53
54.	mining the proper legal mode of conduct is becoming so com-	54
55.	plex as to be unintelligible.	55
56.		56
57.		57
58.	More and more the citizen or his lawyer or both	58
59.	must go to the bureaucracy for the answers, and hope that the	59
60.	answers are not contradictory when more than one agency or	60
61.	one level of government is involved. We run the danger of	61
62.	reaching that stage at which too many other nations have	62
63.	already arrived, where one must go to the offices of the	63
64.	particular ministries to find out what the laws are and how	64
65.	they are being interpreted, and to do this periodically	65
66.	to be sure that the interpretations are still the same.	66
67.		67
68.		68
69.	The genius of the American system lay in the fact	69
70.	that government established a broad framework of policy and	70
71.	law within which individuals, groups and enterprises could	71
72.	operate with great flexibility. And that also is true for	72
73.	local government. It is time to reemphasize this essential	73
74.	concept -- to foster a climate within which enterprise,	74
75.	individual and voluntary group endeavors are stimulated	75
76.		76
77.		77



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6.	for the productive benefit of all Americans. This does not	6
7.	mean a retreat into the past, a scrapping of social progress,	7
8.	nor abandonment of goals of equity, fairness and progress.	8
9.	It means the development of a framework of law and enlight-	9
10.	ened regulation geared to today's needs and tomorrow's	10
11.	challenges, that will call into play the energies of the	11
12.	American enterprise system, the dynamism of our industry,	12
13.	the creativity of our labor, the ingenuity of our science	13
14.	and technology. It means that government regulations	14
15.	should not only achieve national social goals but should	15
16.	also promote productivity and increasing job opportunities	16
17.	rather than hinder them.	17
18.		18
19.		19
20.		20
21.	Toward that end, I specifically recommend that	21
22.	the executive and legislative branches of government,	22
23.	together with labor and management, science and technology,	23
24.	should in each area of regulation:	24
25.		25
26.	(a) Establish clear national objectives and	26
27.	criteria for regulations to achieve them;	27
28.		28
29.		29
30.	(b) Determine the effects of regulation, both	30
31.	intended and unintended;	31
32.		32
33.	This is one of the most serious aspects, that we	33
34.	moved so fast in so many areas that we are not clear about	34
35.	the potential unintended side effects of these regulations	35
36.	designed to create certain specific social objectives.	36
37.		37
38.		38
39.	(c) Change, where necessary, existing laws, rules	39
40.	and procedures to assure that they are promoting, not	40
41.	hindering, the attainment of our overall national objectives.	41
42.		42
43.		43
44.	In the future, any proposed new laws or regulations	44
45.	should be made in light of our broad objectives, instead of	45
46.	the piecemeal, ever-changing process of the past which has	46
47.	hindered productivity and progress.	47
48.		48
49.	Twelve days ago the President sent legislation to	49
50.	the Congress that would make a major contribution towards	50
51.	achieving these ends. This legislation called "The Agenda	51
52.	for Government Reform Act" requires the President and the	52
53.	Congress to jointly consider and act on reform proposals	53
54.	in each of the next four years. The President would analyze	54
55.	the total effects of government regulation on major sectors	55
56.	of the economy, and the Congress would commit to act upon	56
57.	these proposals.	57
58.		58
59.		59
60.		60
61.	By setting forth an agenda for action, we will	61
62.	encourage individual Americans in all walks of life --	62
63.	businessmen, workers, consumers, teachers -- to work in	63
64.	concert with their government to build a more rational	64
65.	regulatory environment. The question is not and should not	65
66.	be whether government should play an economic role. The	66
67.	question is how government should be creatively involved in	67
68.	protecting and promoting the freedom, well-being and	68
69.	opportunity of American citizens as individuals as well as	69
70.	protecting our environment and assuring our national	70
71.	security.	71
72.		72
73.		73
74.	In the Declaration of Independence the Founding	74



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6.	expanding economic opportunity in a boundless America would	6
7.	not only provide better living but would be a principal	7
8.	guarantee of human freedom. They saw an America that would	8
9.	not mandate the life style of its people but encourage them	9
10.	to develop their own. They saw an America that looked to	10
11.	dynamic economic growth for the future well-being of all.	11
12.		12
13.		13
14.	And I say, at this Bicentennial let us rediscover	14
15.	this America. At this conference you can make an important	15
16.	contribution toward that rediscovery.	16
17.		17
18.	I thank you very much for letting me be with you.	18
19.		19
20.		20
21.	QUESTION: Mr. Vice President, we have heard a	21
22.	great deal of talk here concerning the difference between	22
23.	economic and social regulation. If you could address your-	23
24.	self to perhaps the issue of, say, the Environmental Pro-	24
25.	tection Agency, is it possible to meet the goals established	25
26.	by the EPA, the social goals of a clean and protected environ-	26
27.	ment, while at the same time not stifling the economic	27
28.	ability of business and industry to grow and provide jobs?	28
29.		29
30.		30
31.	THE VICE PRESIDENT: I think the answer is yes,	31
32.	if we are realistic and if we are willing to be a little	32
33.	flexible.	33
34.		34
35.		35
36.	Just take one case. Everybody said Lake Erie was	36
37.	dying and that there was no chance of its ever coming back	37
38.	to life again. Don't ask me to explain what it means for	38
39.	a lake to die, but never mind. Well, what has happened is	39
40.	that by the control of sewage disposal in the lake from	40
41.	New York and Ohio and surrounding areas, the lake is coming	41
42.	back to life at a very much more rapid rate than anybody	42
43.	had anticipated.	43
44.		44
45.		45
46.	One of the things -- and it is somewhat contro-	46
47.	versial, naturally -- the 1977 standards which applied --	47
48.	it is the best practical elimination of pollution, that it	48
49.	may well be that that will go a long way to achieving the	49
50.	1983 standards, was all you businessmen know, as you	50
51.	eliminate anything -- all these curves are the same -- the	51
52.	bulk of elimination is relatively inexpensive. Then as you	52
53.	get down to the last 20 percent, last 10 percent, the	53
54.	curve goes up, and the last 10 percent may cost you more	54
55.	than the first 90 percent to eliminate.	55
56.		56
57.		57
58.	So we may be in a position where we can achieve	58
59.	social goals and not put this inordinate burden on the	59
60.	productivity of our country.	60
61.		61
62.		62
63.	Now, there is a fascinating thing; I happen to	63
64.	live in New York, and Con Ed has built two atomic power	64
65.	plants and they are now in the process of trying to be able	65
66.	to build a third. This water goes into the Hudson River	66
67.	from their cooling operation. It does heat the water, and	67
68.	this is a very controversial issue about the fish.	68
69.		69
70.		70
71.	So they have come up with a plan to avoid putting	71
72.	hot water into the Hudson because some fish, when they	72
73.	first put it in, are killed. Although, I have to say to	73
74.	you, one of the best fishing spots is where the hot water	74
75.	comes in from the atomic power plants. We changed one on	75
76.		76
77.		77



the lake on Lake Erie and all the fish died after we took the hot water out.

(Laughter)

So this is one of the exciting things, three sides to every coin. But they have come up with a plan to meet this problem of not putting the hot water into the Hudson. They have got a cooling tower that is 1,000 feet tall, that is 600 feet across the base, that is about 60 stories and 300 feet across the top. It puts steam up another 1,500 feet, so that is 2,500 feet sticking up in the air.

When I was governor, we set up a commission to protect the beauty of the Hudson River Valley. Well, this has got to be the most unbeautiful and monstrosity that ever happened. Now you have got a question of aesthetic pollution, but you have got another problem.

We have a variable climate in New York, and in the fall and spring you get that point where it is just at the freezing point. Now, you put tons of water up in the air in the form of vapor in a period when it is freezing -- some of you have been in ice storms -- and that comes down on the highways and freezes. We may have the most serious highway problem of accidents because of skidding on the highway. So these are the very questions you are asking about.

Now, this thing gets back to how flexible can we be in this society? And I don't blame the ecologists, and I have a tremendous admiration for them. They have made a tremendous contribution to our country, and they have had a tough battle to fight and they have won tremendous victories. But we have gotten to a point where people have got to have a little flexibility.

Their rigidity was what made it possible for them to make the gains. But if they maintain the rigidity, I think we are going to find we are going to pay a very serious price in this country and not serve the long-term best interests.

With science and technology there is no problem relating to pollution we cannot solve. We may not be able to do it yesterday or today, but it will be easier to do it tomorrow when the scientists have had a little more time. We can balance these things out. I have total confidence we can do both. And the research ought to be done together, not separately, so you don't get these clashes which result in the blocking of any progress.

QUESTION: Mr. Rockefeller, what is your opinion of Senator Muskie's so-called Sunset proposal, which would require regular review of the functions of regulatory agencies? Do you support such legislation?

THE VICE PRESIDENT: Well, I support regular review of regulatory agencies. I hope the Sunset isn't for New England.

(Laughter)





Page 10

I hadn't heard about that, and I don't know what the Sunset means. But I am for regular review of regulatory agencies.

He and I served on this commission together, and I am a great admirer of his. He and I are both Mainiacs. That means we were both born in Maine.

(Laughter)

I like the idea of regular review of regulatory agencies, but I don't understand the Sunset business.

QUESTION: I asked a question of Dr. Friedman and Mr. Nader last night on which there was an evasive answer given.

THE VICE PRESIDENT: I wouldn't have thought Mr. Nader was evasive.

QUESTION: He didn't get a chance to answer. He was monopolized by Dr. Friedman. I got a chance to read a little more on the theme of the question in last night's paper. I will read you the two paragraphs.

"Agencies find themselves pulled from one crisis to another with little time to look ahead or behind. Traditional lack of emphasis on long-term chronic dangers. Regulatory emphasis has generally been on the obvious short-term problems rather than the more invisible ones such as cancer."

This gets back to my question of last night. In anticipatory management how would you instill that, sir?

I am very, very sympathetic to what you are saying. I am a great believer in long-range planning. You can't do anything in less than five years, probably ten years. So you have got to plan.

The public likes to have things done, as I said, yesterday or today, which is impossible, and we waste a lot of money when we try to do them.

Now, John Glenn, who was an astronaut, when he was a Senator -- and he is a great believer of this -- through the Government Operations in the Senate, called a hearing on long-range planning in government, which is what you are talking about. He asked Senator Humphrey and myself to be the first witnesses, both of us being very much interested in this subject. There were a distinguished group of Senators there and a large group of public.

I went and Senator Humphrey was there for the pictures and then he got called off.

(Laughter)

So I am testifying and one Senator after another had to slip off to a committee meeting and so forth. Now we are down to John Glenn and myself and the public. Everything was going well and then one of his aides came over



Page 11

and whispered in his ear. He said, "Please forgive me. There is a roll call."

So I stood up and turned around and I spoke to the audience, a very sympathetic audience. I said, "Now you understand why there is no longer any long-term planning in government. Nobody has time to sit still long enough to think." I don't mean to say "think," but "to plan."

They think while they are on the run. And this is really the problem. Everybody is running from one crisis, one roll call, one committee meeting to another. And this is really very serious. This is why the Commission on Critical Choices for Americans -- because I deeply believe the only way we can intelligently reflect on our best long-term interests is to get views from people in all walks of life, thrashed these things out. And there is nothing we can't do in this country if we set our minds to it.

I am totally in agreement with you, and that when you are talking about something ten years from now, there isn't the same danger of confrontation that you have when you are talking about something today where everybody is upset. But ten years from now we have got time to work it out, reconcile differences, find new solutions and do it on a sound basis. So I am delighted with your question and totally in agreement with you.

I will take one more over here.

QUESTION: Mr. Vice President, I believe that periodic review of agency purposes is desirable. As a practical matter, how much do you think it can accomplish in the vested interest in the agencies?

THE VICE PRESIDENT: Don't limit it to the vested interest in the people of the agencies. There are vested interests on the Hill, in staffs, in members of the Congress who sponsor programs very popular at home, and there are vested interests in every group.

Therefore, the only way this can be done, in my opinion, is to bring in all of the interested parties -- business, labor, executive branch, legislative branch -- to sit down to say, "Where do we want to be in this industry? What are our objectives?"

Now, we have grown up under what many people feel is a free market system and that the government hasn't had anything to do with it. Well, of course, they are really wrong, because government does have a lot to do with these things. But we don't think of it that way.

Therefore, the first thing we have got to do is recognize government has a legitimate role and that that role should be creative and stimulative in terms of incentives and penalties as well as regulatory in terms of protecting people's interests and this balance we have found.

Now, I think it is time we did this more consciously, because life has gotten much more complicated. We are totally interdependent on the rest of the world -- not totally, but extremely interdependent -- and change

MORE



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6.	is moving very rapidly. I think you cannot have just an	6
7.	agency of government reexamine its own program because --	7
8.	you are absolutely right -- they have got a vested interest.	8
9.	Now can you take a regulatory agency, which is like a hothouse,	9
10.	plant, and take it out of the greenhouse and put it in the	10
11.	snow and expect it to live. This has got to be something	11
12.	done with intelligence.	12
13.		13
14.		14
15.	I think this is a very exciting challenge to our	15
16.	country and that it would be very stimulating and very	16
17.	worthwhile for all of us to consciously think together as	17
18.	to what we want to accomplish, how we can do it, how we can	18
19.	maximize our extraordinary resources, talents, abilities,	19
20.	both human and natural, in this country and restore our	20
21.	strength at home and our leadership and ability to meet our	21
22.	responsibilities in the world.	22
23.		23
24.		24
25.	I thank you very much.	25
26.		26
27.		27
28.	END (AT 10:12 A.M. EST)	28
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6/1/76

Art - excellent idea - could merge  
up with each group  
to list the

THE WHITE HOUSE  
WASHINGTON

June 1, 1976

5 most hated  
regulations?

Jim

MEMORANDUM FOR: JIM CANNON  
ED SCHMULTS  
PAUL McAVOY  
PAUL LEACH

FROM: ART QUERN

SUBJECT: Regulatory Reform

As we have discussed, until recently we have not been able to generate real interest or attention for the President's regulatory reform program. It occurred to me that one possible way of approaching this would be to pursue reform by focusing our attention on the "institutional" targets of regulation such as:

- universities
- hospital
- banks
- farmers

This would mean that an effort parrallel to the broad review occurring in the departments would be initiated to examine all Federal regulations and paperwork requirements which impact on universities. Another effort could focus on hospitals, etc. Each review would be from the point of view of the effected "institution" and would deal with all Federal regulations affecting that institution no matter what department they originate from.

I would be pleased to discuss this with you if you think it worthwhile.



*Reg. Reform*

COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

ALAN GREENSPAN, CHAIRMAN  
PAUL W. MACAVOY  
BURTON G. MALKIEL

July 20, 1976

DRAFT MEMORANDUM TO THE PRESIDENT

FROM: Paul W. MacAvoy *Jem*

SUBJECT: Status of Task Forces to Improve Government  
Regulation

Presidential Task Forces in OSHA, FEA, and the Export Administration are now at work revising present regulations. Each has a somewhat different objective and time schedule. But it is expected that at least preliminary indications of improved regulatory procedures or practices will be available before Labor Day.

OSHA Task Force

The Task Force working with the Occupational Safety and Health Administration (OSHA) of the Department of Labor began operations on July 1 under the direction of Philip Harter of the Administrative Conference and Joseph Kirk of the Department of Labor. The immediate goal of the Task Force is to recommend revisions and simplifications in the regulations pertaining to machinery, machine guarding, and hand held power tools. The Task Force is currently reviewing each regulation line-by-line to determine why it is required, what effect it is having, and what alternative ways there are to accomplish its goals. The results of this effort will be an analysis of the regulation and a proposal for its revision. The document containing the analysis and proposed changes has to then appear in the Federal Register as an invitation for the public to express its ideas on how to revise the regulations. After public comments have been received, the officials of OSHA will consider the work of the Task Force and will then propose and adopt appropriate revisions in the regulations.

The general approach of the Task Force to date has been to consider moving towards regulatory criteria based more on performance or results and less on physical conditions in the work place. One way of doing this is to put in place



general requirements with currently used detailed physical design regulations being listed only as examples of ways of complying with the general requirements. In that way, business, labor and enforcement officers would have guidance as to what is required but would be free to determine other ways of providing the requisite level of safety.

#### FEA Task Force

Effort is underway to improve and simplify FEA regulations on prices and sales allocations for refined products. A Task Force directed by Donald Flexner of the Department of Justice comprised of nineteen professionals, including lawyers, economists, and regulation specialists, has commenced research with FEA's cooperation to determine the extent to which current FEA regulation of refined products has achieved the economic and social purposes intended under the governing statutes. On the basis of that analysis the Task Force will consider alternative modes of regulation for potential future application. The current timetable for research is to have a draft report by September 30, 1976, recommendations by October 31, 1976, receipt of FEA comments by the middle of November, and recommendations of final report on or before December 10, 1976.

#### Export Administration Task Force

The Task Force on the Administration of Export Controls has now been established under the auspices of the Export Administration Review Board which is chaired by the Secretary of Commerce. The Task Force will review the procedures and mechanisms involved in interagency consultation respecting export license applications. The goal is to identify and institute such improvements as are necessary to enable license applications to be processed within ninety days.

Significant improvements in the Office of Export Administration have already been made as the result of an intensive management review in the Department of Commerce. The Task Force will extend these efforts with an analysis of the interagency review of export applications, particularly in the areas of computer and other electronic equipment, numerically controlled machine tools, and nuclear related equipment which have required the longest processing in the past.



The Task Force Director is Carl Hystad, formerly with OMB, and the Deputy Director is Major James Golden, USA, currently on temporary duty with the Council of Economic Advisers from his position as Associate Professor of Economics at the Military Academy. The Task Force includes two other members from agencies which are not involved in the application review process, and five members representing the principal agencies involved in interagency review (DOD, ERDA, Commerce, State, and CIA). Administrative support for The Task Force is being supplied by the Department of Commerce.

The Task Force has already begun screening Export Administration files to document delays, interviewing key personnel in the application review process, and discussing problems with industry representatives. A preliminary report outlining major problem areas is scheduled for the end of July, and the final report with recommendations for new procedures will be submitted in September.



THE WHITE HOUSE

WASHINGTON

July 30, 1976

MEMORANDUM FOR:

PHIL BUCHEN ✓  
JIM CANNON ✓  
DICK CHENEY  
DAVE GERGEN  
BOB HARTMANN  
JACK MARSH  
BILL SEIDMAN

FROM:

ED SCHMULTS 

SUBJECT:

Regulatory Reform

Attached is a column that I have sent to the National Association of Manufacturers for inclusion in a special regulation issue of NAM reports. The column outlines the Administration's approach to regulatory reform. Attached also are two recent one-page articles from the National Journal on airline reform and "Busing-Big Government Link" which may be of interest.





The Administration's Approach to Regulatory Reform

The Ford Administration is firmly committed to achieving fundamental reform of our nation's regulatory system which, over the years, has become sluggish, self-serving, and stereotyped.

Almost two years ago, President Ford announced his intention to eliminate regulatory inefficiency as a part of the effort to halt inflation. His goal was not de-regulation but rather the development of a more enlightened, streamlined regulatory system which better serves the economic and social needs of modern society.

Since that time, the American people have become increasingly aware of the unnecessary costs and inequities produced by the present system and as a result, some significant progress has been made towards reform.

For example, in the past 8 months, we have reduced the number of Federal forms by more than 12.5% and we are now working to reduce the burden which Federal paperwork requirements places upon the American public. We have successfully encouraged the major independent regulatory agencies to improve their regulatory practices. In the past year they have made notable progress in reducing costly regulatory delay, improving economic analysis and placing greater reliance on market competition as a regulatory tool. One agency has even asked Congress to legislatively reduce its regulatory authority so that natural competitive forces are allowed to operate.

Throughout the Executive Branch, the Administration has worked hard to make decision-makers more aware of the consequences of their actions. Agencies are required to analyze the economic impact of their regulatory actions before they are put into effect. And actions are being taken to increase public participation in regulatory proceedings. In addition, the President has established several short-term task forces to re-write and simplify existing regulations and streamline regulatory procedures in the Occupational Safety and Health Administration, the Federal Energy Administration and the Commerce Department's Export Administration. These task forces have been directed by the President to make it easier for businessmen and consumers to deal with government requirements.



On the legislative front, we have also made some progress. Federal laws sanctioning State fair trade laws have been repealed. Fixed rates for securities brokerage commissions have been abolished. Federal regulation of railroad rates has been reduced, and civil and criminal penalties for antitrust violations have been increased. In addition, the Administration is continuing to press for congressional action on proposals to reform airline, motor carrier, banking and natural gas regulations.

But progress does not come easily. While recognition of regulatory problems is bipartisan and widespread, agreement on specific issues and solutions is less clear. At every step, specific reform attempts are met with sharp and vocal opposition from a variety of interests seeking to preserve the status quo. In some cases, even asking the question "Is there a better way" evokes sharp protests and further progress toward meaningful reform is forestalled.

The real question facing both the Administration and Congress is not the need for reform but whether or not current public indignation and concern over government inefficiency can be translated into productive and lasting reform. Too often in the past, we have been content with organizational or procedural solutions to complex economic or social problems.

But the Administration believes the American people can no longer afford to accept rhetoric as a substitute for results. Therefore, President Ford has proposed to Congress the Agenda for Government Reform Act which would guarantee the systematic re-examination and reform of Federal regulatory activities within the next four years. This legislation requires Congress and the President to agree to undertake a fundamental reassessment of the combined effects of all government regulations on individual sectors of the economy. And it requires them to adhere to a disciplined timetable to assure annual results.

We believe this plan will produce several desirable results. First, it will enable Congress and the Administration to focus on the real-world consequences of their decisions. It will foster increased public understanding of the costs and inefficiencies of regulation and help to build an active public constituency for change. Consumers, businessmen, workers, and academics will have a better idea of what Government is trying to do and be able to plan and participate accordingly. Finally, this legislation will help assure concrete results.

This Administration is serious about reform. The present system demands fundamental change. The American people deserve no less.



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REGULATORY FOCUS/RICHARD E. COHEN



# Up, Up and Away with Airline Reform

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REGULATORY FOCUS/LOUIS M. KOHLMEIER

# The Busing-Big Government Link

