

The original documents are located in Box C16, folder “Presidential Presidential Handwriting, 3/25/1975 (2)” of the Presidential Handwriting File at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

INFORMATIONTHE WHITE HOUSE
WASHINGTON

March 25, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: JAMES E. CONNOR *jec*

SUBJECT: INFLATION IMPACT STATEMENTS

You asked for a memorandum on the progress being made in implementing your Executive Order on Inflation Impact Statements. OMB, which has responsibility for overseeing the program, has prepared a report for you (Tab A). The principal points are:

- .. The Executive Order was signed November 27, 1974
- .. OMB issued implementing instructions on January 28, 1975
- .. Agencies were given 30 days in which to identify their "major" activities requiring impact statements
- .. Responses have been received from:
 - Agriculture
 - HUD
 - Interior
 - Treasury
 - Commerce
 - State
- .. Responses have not been received from:
 - Defense
 - HEW
 - Justice
 - Labor
 - Transportation
 - FEA
 - EPA
- .. OMB reports that several of the independent regulatory agencies concluded that the E.O. does not apply to them (CAB, FPC, ICC).
- .. OMB concludes that "implementation has not been as prompt nor as even throughout the Government as we would have wished."

I checked with each of the major department and agency heads which OMB listed as not yet having responded:

Attorney General Levi indicates that "tentative discussions" between Justice and OMB have taken place and that Justice has reached conclusions on criteria. However, he notes that the department "does not currently have any proposed legislative or regulatory initiatives which would be considered 'major' under [the] criteria."

Frank Zarb reports that FEA has concluded a major inflation impact statement on the entire energy program and that FEA considers this responsive to Presidential direction.

Secretary Weinberger reports that there have been differences of interpretation between HEW and OMB staff, but that in fact HEW has developed impact statements for several programs. HEW has developed interim criteria which apparently OMB has found satisfactory. These criteria are now in the final clearance process through the HEW system.

Russ Train indicates EPA has not yet submitted a final report. They have not arrived at a set of criteria and have not received much in the way of guidance from OMB. EPA has submitted "interim" criteria and has been operating under those interim criteria.

Secretary Dunlop has reported that the Labor Department's response to the OMB request was sent over today, March 25th, at 5:00 p.m.

Secretary Coleman was checking into the status of the impact statements at DOT, but had not yet responded by the time this memo was submitted.

Secretary Schlesinger could not be reached during the day.

CONCLUSION

It would appear that the Executive Order is not being implemented effectively. Many departments have not given it a high priority. It would also appear that OMB has not exerted their usual vigor in making sure that compliance with Executive Orders is prompt. You may wish in the Cabinet Meeting to stress strongly that you want the Order implemented quickly and effectively by both OMB and the Departments and Agencies.

Attachment:
Tab A

TAB A



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

INFORMATION

MEMORANDUM FOR: THE PRESIDENT

FROM: JAMES T. LYNN

SUBJECT: Implementing Inflation Impact Statements

On October 8, in your speech to the Joint Session of Congress you said "...hereafter I will require that all major legislative proposals, regulations and rules emanating from the Executive Branch of the Government will include an Inflation Impact Statement that certifies we have carefully weighed the effect on the Nation. I respectfully request that the Congress require a similar advance Inflation Impact Statement for its own legislative initiatives." On November 27, 1974, you signed Executive Order 11821 to give legal effect to the inflation impact requirement on the Executive Branch. Outlined below is the status of the implementation of this order.

Background

We have made it clear to Department and Agency Heads that the purpose of the Executive Order and the OMB implementing procedures is to increase awareness of Government decisionmakers to the economic impact of their major actions as you stated in your October 8, 1974, address. From the outset, we have attempted to avoid a cumbersome paperwork bureaucracy, or a complex legal device like the National Environmental Protection Act. The approach has stressed agencies' initiative and accountability. The response has been uneven.

Executive Branch

OMB issued implementing instructions for inflation impact statements on January 28, 1975, after consultations with the Council on Wage and Price Stability and the affected departments and agencies. The first phase effort required the agencies to develop within 30 days criteria to identify which of their legislative or regulatory proposals are "major" and merit full analysis and evaluation.

The departments and other agencies have been cooperative, but generally slow in responding to the necessary procedures. Thus far, we have received responses from 40 departments and agencies. Departments responding are Agriculture, HUD, Interior, Treasury, Commerce, and State (who has requested an exemption). Defense, HEW, Justice, Labor, and Transportation have not responded. (However, we were surprised by a Labor Department request for exemption of the Occupational Safety and Health Administration; the request was denied.) Many agencies have responded, but we have not heard from FEA or EPA. A status of selected agency responses is at Tab B. Where we have received responses we have given authority to proceed under criteria submitted. It is OMB's intent to follow-up through its regular legislative clearance review process.

The response of the independent regulatory agencies has been mostly unfavorable. Although the original intention of the Executive Order was to include independent regulatory agencies, some of these agencies have indicated they believe the Order does not apply to them (CAB, FPC, ICC). Others indicate their compliance with similarly worded statutes puts them in accord with your Executive Order (FTC, Federal Reserve). The SEC has concluded it will cooperate.

Still others have not responded. It is recommended that rather than try to direct compliance, strong encouragement from you would serve the same end. Therefore, prior to your meeting with independent agencies on consumer interests, we will provide you a complete status report on their responses as well as talking points designed to elicit their cooperation.

Congress

Congressional concern has been heightened in recent weeks because Congress is having difficulty complying with its own inflation impact initiative. The House amended its rules on October 8, 1974, to require committees to prepare inflation impact statements for all bills reported. Several Congressmen have remarked in the record that they feel that House compliance with these rules is inadequate.

OMB has received requests for assistance from House Committee Staffs and is working informally with them. You are, no doubt, aware of Senators Chiles' and Nunn's remarks as reported in the press, that they believe that Executive Branch compliance with your Order has been similarly inadequate.

On the Senate side, a number of bills have been introduced that would require the Congressional Budget Office to prepare economic impact statements for bills reported out of Committee. Principal among these are S. 15, proposed January 15, 1975, by Senators Dole, Buckley, Fannin, Hansen, Taft, and Thurmond; and S. 1169, proposed March 12, 1975, by Senators Humphrey, Bentsen, and Domenici. Also, Congress is taking action to add language in other bills which would require "consumer benefit analyses" and "productivity impact statements" of all Government actions. These are duplicative of an inflation impact requirement.

Media

In recent months, a number of publications and newspaper editorials have asserted the need for inflation or economic impact statements prior to major legislative or executive actions. The American Enterprise Institute released a study last month by Murray Weidenbaum, former Assistant Secretary of the Treasury, on the cost impact of

Government programs and regulations. The study has received extensive favorable editorial comment in the New York Times, the Washington Post, the Wall Street Journal, and elsewhere. The general thrust of the editorials was the need for better analysis and Government sensitivity to costs it imposes on the private sector.

Conclusion

In summary, although considerable progress has been made, implementation has not been as prompt nor as even throughout the Government as we would have wished. Therefore, it would be extremely useful for you to emphasize at the Wednesday Cabinet meeting your continuing support for this initiative and impress upon the Cabinet the need for their personal attention to this matter. Suggested talking points are provided for this purpose. We are also preparing a letter for your signature to non-Cabinet agencies other than the independent regulatory agencies. Finally, we will be providing you material for your meeting with the Commissioners of the Independent Regulatory Agencies.

Attachment

TAB B

Selected Agency Responses to Request for Criteria or Exemption

March 25, 1975

RESPONSES RECEIVED:

Departments

Agriculture
HUD
Interior
State
Treasury
Commerce

Agencies

* ACTION
* Civil Aeronautics Board
* Community Services Administration
* Consumer Product Safety Commission
* Corps of Engineers
* Equal Employment Opportunity
Commission
* Export-Import Bank of the United
States
* Federal Power Commission
* Federal Trade Commission
General Services Administration
* National Aeronautics and Space
Administration
* Interstate Commerce Commission
* National Science Foundation
* Occupational Safety and Health Review
Commission
* U.S. Information Agency
* U.S. Civil Service Commission

RESPONSES OVERDUE:

Departments

Defense
Health, Education, and
Welfare
Justice
Labor
DOT

Agencies

Energy Research and Development
Administration
Environmental Protection Agency
Federal Communications Commission
Federal Deposit Insurance Corporation
Federal Energy Administration
Federal Maritime Commission
Federal Reserve System
Interstate Commerce Commission
Nuclear Regulatory Commission
Securities and Exchange Commission

*Indicates Request for Exemption