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*File
By Govt.*

THE FORD ECONOMIC POLICIES--
A COMPASSIONATE STRATEGY FOR JOB CREATION

1. The recession recently experienced by all industrial countries demonstrated that inflation, by undermining confidence, destroys jobs. This happens because consumers hold back on purchases, inventories accumulate, production is slowed, and managers defer investment in plant and equipment.

2. The President's strategy for reducing unemployment and creating new jobs has been to rebuild confidence by showing that inflation can be curbed through reducing the rate of increase in government spending and demonstrating, by the courageous exercise of the veto power, that government has the will to resist politically appealing but non-essential claims on national resources.

3. Government spending for public service jobs not only reaches the wrong people but can never be more than a stop-gap at best because a job that would not exist but for public subsidy is by definition a "non-productive job" that will last only as long as the subsidy is available. The use of public money to provide non-productive jobs is bound over the long run to be inflationary--thus risking job destruction rather than contributing to job creation. To the extent that federal funds are used to create productive jobs, those funds supplant expenditures that would otherwise be made by other levels of government or by the private sector.

4. The only effective means, therefore, of achieving full employment is to set the economy on a course of sustainable growth that will generate enough new jobs every year to employ the people newly entering the job market. The only adequate job creation policy is thus a comprehensive capital formation policy. Nor can the failure of private investment to create new jobs be compensated for by government programs. The direct subsidy of jobs will not work for the reasons set forth above.

5. The higher the chronic level of unemployment and underemployment, the more impossible becomes the task of coping with such social problems as welfare dependency, drug abuse, and crime. Unless the economy is able to provide an adequate number of decent jobs, the able-bodied welfare

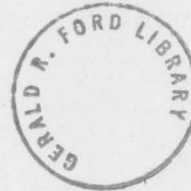


recipient, the rehabilitated addict, and the discharged offender have nowhere to go. Welfare costs mount, crime increases, and public spending soars. Inflationary pressures are renewed, confidence again deteriorates, and unemployment grows even worse. Expectations toward government are disappointed and alienation is reinforced.

6. Sound economic policies and compassionate social policies are thus inseparably linked.



ELR



April 16, 1976

4/20

7 p.m.

Letter -

file

Big Govt.

issue is not ^{just} Govt. its all
big institutions

- levels of alienation has gone
up in '72 → '75 = to last
20 years. Key is ~~to~~ big
size.

- RR biggest line
"Washington has defended itself
against inflation"

- When institutions get too big
we people in then down +
care about citizens only
about the institution.

- No redress in case of big
institutions; can't communicate
w/ it.

- ∴ ad hoc pressure groups
pop up.

//
Fear of crime has alot to
do w/ this.



People are tuning out.

==

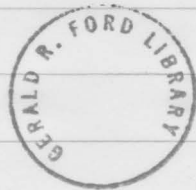
P doesn't have to support
all Fed. institutions

IDEA: ~~Small~~ little guys
all of rights.

==

Key CAN'T get
HOOKED WITH
BIG BUSINESS

Should support tough
anti-trust position.



file

WM. L. RUTHERFORD
ATTORNEY AT LAW
4801 PROSPECT ROAD
PEORIA HEIGHTS, ILLINOIS
61614

AREA CODE 309

TELEPHONE 688-6631

March 23, 1976

Dear Mike:

It was a great pleasure visiting with you at the Bond's nice evening and I hope I did not take advantage of your time.

I enclose several pages from our local paper showing local publicity on the problem of the "Federal Octopus".

Also is a copy of my letter that substituted for my appearance at a hearing the night we visited.

The local hospital is trying to find the specific regulation citations to some problems so your effort in verification is reduced. An example is the new requirement that no hospital patient may be more than 30 feet from a stair. That will cut out over 20% of the beds in our rehabilitation center!! What's more, a stair is of utterly no use to most of our patients like people in traction, an iron lung, a respirator, etc. They could not be carried out, much less make use of the stair with their own efforts or any help that anyone could reasonably expect.

On a somewhat similar complaint about a congressional proposal on an income tax change I enclose copy of letter to Phil Crane I hope will be helpful.

I am most grateful to think there is anyone in Washington even remotely interested in a citizens concerns. I can imagine the pressures on your time and energy and the number of windmills one could chase down there. If even a few of our details assist your efforts, we are most appreciative of the privilege.

I will get more to you very soon.

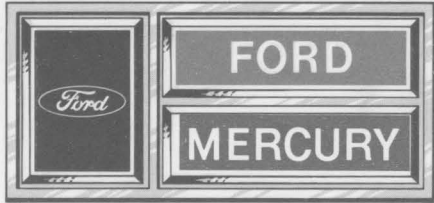
Best wishes,

Bill

Wm. L. Rutherford



WLR:aw
Enclosures



Whitburn Motor Co.

NORTH HIGHWAY 51

TELEPHONE 536-4543

MERRILL, WISCONSIN 54452

RBC HAS SEEN

H-
Sub-Govt.
"Big Govt."
Q

March 22, 1976

Personal

Mr. Richard Cheney
Assistant to the President
The White House
Washington, D. C.

Dear Dick:

Thanks so much for your hospitality.

One thought that I've had that I didn't pass along to you when we talked is that I would strongly recommend that the President, in the coming weeks, reiterate the call he enunciated earlier for less government regulation of small business. Every time we open the mail, we find new requirements, forms, regulations, reports, guidelines, and other government restrictions to conform to and deal with.

The President's promise to turn this trend around was very well received when it was made, and I am sure that this is the kind of statement that will, in fact, turn votes in the business community.

You might consider appointing a commission this spring composed of small- and medium-sized business people who would make recommendations concerning specific government paper work requirements that might be eliminated.

Very best regards!

Sincerely,

Gerald

Gerald Whitburn



1e

March 18, 1976

MEMORANDUM FOR: DICK CHENEY
FROM: JIM CAVANAUGH
SUBJECT: Some Thoughts on Big Government

After talking with a number of people in recent weeks, including Jerry Jones, Paul O'Neill, and people outside of government, I think we can now identify what the major problems are that taxpayers have with the way their government functions. What I have attempted to do below is to set forth the six areas of concern, state what I perceive to be the President's positions or stands, and provide suggested steps or actions that could be taken to highlight the President's position. The areas are:

1. Bigness

Problem: The taxpayers equate bigness in government with lack of control and accountability of government workers, and the development of make-work projects to continue to justify not only bigness but increases in federal employment.

Agree _____ Disagree _____

The President's Position: The President is against unnecessary and unrestrained growth in the size of the federal government. He wants to cut back on the current size of government.

Agree _____ Disagree _____

Proposed Actions:

- a. Seek opportunities to point out the President's FY 77 budget decisions on the size of federal employment.

Approve _____ Disapprove _____

what have we done here? what in SOTU or FY77 Budget cuts back?



- b. Have Ron Nessen indicate at a press briefing that the President was concerned about a recent Wall Street Journal article indicating there were 112 people engaged in public relations at the Federal Energy Administration and that the President had asked Frank Zarb about the accuracy of this article and how he can justify 112 people being involved in public relations.

Approve _____ Disapprove _____

- c. In speeches across the country, the President could encourage citizens to send people to Washington who are committed to reducing bureaucracy, instead of continuing to elect officials who are committed to building it.

Approve _____ Disapprove _____

- d. The President should send a memorandum to the departments and agencies which would be made public, asking them to review their current organizations and give him recommendations by July 1 on how they could be made more efficient and effective. We could then release one report per week during the summer and early fall.

Approve _____ Disapprove _____

- e. Consider development of another Hoover Commission to study the organization of the government.

Approve _____ Disapprove _____

2. Illogical Foolishness

Problem: There are numerous examples of illogical foolishness which equate in the taxpayers' mind with waste, inefficiency, and a government that really doesn't know what it's doing. A recent example is the James J. Kilpatrick article about the OSHA inspector telling a hospital that they must



Lynn plan

*NO more
Commissions*

use plastic bags in trash containers for cleanliness, and an HEW inspector telling the same hospital that they must not use plastic bags because of a fire hazard.

Another example of foolishness is OSHA indicating that the temperature inside the tents of sheepherders in Montana must be 68 degrees.

Agree _____ Disagree _____

The President's Position: The President feels that actions taken by agencies or individuals employed by agencies of the federal government which are illogical or foolishness must be stopped immediately.

Agree _____ Disagree _____

Proposed Actions:

We should continue to look for these kinds of examples and when they occur react quickly and firmly by having the President, through phone calls or memos, ask the appropriate agency head(s) for a report on their actions and what they are going to do to stop this foolishness in the future.

Approve _____ Disapprove _____

3. Red Tape and Paper Work

Problem: The public perceives red tape and paper work as the bureaucrats trying to be smarter than the average guy who is attempting to obtain assistance or help from the federal government. Complicated and lengthy forms coupled with multiple approvals and reviews by various departments, agencies, and sub-agencies lead to public frustration and outrage. Many citizens have the feeling that they just can't deal with the red tape and paper work demands of the federal government.

Agree _____ Disagree _____

*Regulatory Monitorium?
- Review all existing Regs de novo?
- All regs require P (Cabinet Officer) sign-off?*

Red Tape is a hedge against individual failure.



The President's Position: The President is for reducing unnecessary paper work and wants to cut red tape. Recently the President directed the heads of departments and agencies to effect a 10 percent reduction in federal paper work this year.

Agree _____ Disagree _____

No - its a "10% solution"

Proposed Actions: Two weeks ago the President signed and released a memorandum to the heads of departments and agencies directing them to effect a 10 percent reduction in paper work. This received some press play around the country, but we need to hit it again.

- a. Invite Tom Steed and Frank Horton of the Federal Paper Work Commission down for a meeting and photo opportunity with the President and Jim Lynn in the Cabinet Room. Jim Lynn would then do a press briefing on the actions the President has directed be taken to reduce federal paper work.

Approve _____ Disapprove _____

- b. At the next Cabinet meeting, stack up at the end of the Cabinet Room table copies of all the reports the President has been required to send to Congress during the last twelve months. We should do a photo opportunity of the meeting, and Ron Nessen could brief on the strong direction and orders that the President gave members of the Cabinet to work with the Congress to reduce the number of reports that he is required to submit at taxpayer expense.

Good idea



Approve _____ Disapprove _____

- c. The President could visit a small town and receive from the mayor and town council a briefing on the problems that small towns have in dealing with federal bureaucratic requirements. The President could then direct his staff to

Good idea

take action immediately to ease the requirements on small towns.

Approve _____ Disapprove _____

- d. The President could visit a state capital and meet with the governor and department heads to receive a briefing from them on problems of red tape and dealing with the federal government, and direct his staff to take whatever administrative actions are possible under law to effect reforms.

good idea

Approve _____ Disapprove _____

4. Waste (Either Real or Perceived) in Government

Problem: The taxpayers' view of government waste is that it takes more money out of their pockets. "Johnny Six-pack" gets concerned when he pays his tax bill on April 15 and then picks up his paper and sees that the federal government is paying a group of students to watch pornographic movies and smoke marijuana, or that the Department of Transportation has a \$27,000 "representation fund" to entertain people at the Jockey Club.

Agree _____ Disagree _____

The President's Position: The President is opposed to waste in government and is taking strong steps to do whatever is necessary to stop it.

Agree _____ Disagree _____

Proposed Actions:

- a. Ron Nessen should say at his next briefing that the President recently saw a news account on the HEW-financed study on marijuana at the University of Illinois and immediately called Secretary Mathews to express his concern and ask for a report.

Approve _____ Disapprove _____

Key must identify + hit very hard. // get someone (Rosend) to review all published reports + citizen complaints? ck. Rocky Forums around country

- b. The President could ask for the same type of report from Secretary Coleman on their "representation fund," and when he receives the report he could direct the Secretary to reduce the size of the fund or eliminate it.

Approve _____ Disapprove _____

5. Harsh Attitudes

Key

Problem: Harsh attitudes reflected by employees of the federal government in their dealings with the public have got many taxpayers convinced that they do not have the ability to impact on their government. All this leads to a perception that the government is the master rather than the servant of the people. This is true in some agencies more than others, with IRS having perhaps the worst reputation of dealing with the public.

true?

Agree _____ Disagree _____

The President's Position: The President disapproves of any unwarranted actions by civil servants that lead to the conclusion that government in fact is the master and not the servant of the people. He is fed up with those individuals in the federal establishment who aren't willing to give people or organizations they deal with courteous, straightforward, and prompt answers to their questions and problems.



Agree _____ Disagree _____

Proposed Actions:

- a. Review out-of-town papers to find examples of alleged cases of harsh treatment of individuals and organizations and check them out for accuracy. If accurate, the President should phone or send memos to members of the Cabinet expressing his concern and asking for a report which includes what constructive steps will be taken to prevent such actions in the future and how the federal employees involved will be reprimanded.

Approve _____ Disapprove _____

- b. Consider proposing reforms in the Civil Service structure so that civil servants aren't guaranteed lifetime jobs without any relation to their ability to perform. This could be launched in a positive way when the President vetoes the Hatch Act Amendments.

Approve _____ Disapprove _____

6. Self-Serving Public Officials

Problem: There is a feeling by some that the government and its officials can't be trusted and that crookedness exists. This translates into a feeling that government serves those who pay and that the system is rigged against the average citizen. Recent examples that have come to the public's attention are the HUD mortgage scandals in Chicago and Los Angeles and the grain export fraud scandals in New Orleans.

Agree _____ Disagree _____

The President's Position: The President wants federal officials and employees to follow his own high standards of honesty and integrity.

Agree _____ Disagree _____



Proposed Actions:

At a Cabinet meeting, preferably in the next six to eight weeks, the Counsel's Office should distribute standards of conduct and the executive order which is given to all members of the White House staff. The President could then comment to the Cabinet on the importance of ensuring that all the officials appointed by the President are reminded of the standards they are expected to follow, and that the President expects the Cabinet to take firm action where the standards of conduct are violated or where there is a violation of law.

Approve _____ Disapprove _____

Conclusion

Frankly, it's been a little tougher to get a handle on this area as compared to the work in the agriculture area. Another key difference is that this effort is going to take sustained work.

There are also additional ideas that are worth considering. Jerry Jones has suggested that we might consider setting aside three or four hours of the President's time every week or perhaps every two weeks for him to review citizen-type "case work" problems that people are having dealing with the federal government and to personally get involved in working out these problems with members of the Cabinet.

*Cabinet
of friends?*

He did this as a member of Congress representing Grand Rapids from the legislative branch perspective, and he may wish to do it now as the head of the executive branch. I think this has great possibilities for getting people's attention in the bureaucracy that the President does want to see the government serve the people better, more effectively, and more efficiently.

One of the keys to making all of this work is to continue to be alert to problems as they occur and have a quick mechanism of calling them to the President's attention.

We should spend some time with Red Cavaney and the Advance staff so that they will spot stories in local communities that fit into one of these areas where action can be taken.

*very
important*

We will also have to work with Ron Nessen and the News Summary people so that they will call news stories in out-of-town papers to our attention for possible action.

In summary, I think we can do something with this program. It will take a sustained effort. It will take the cooperation of a lot of people who may have ideas, and it will require the President to be very firm with departments and agencies as they step out of line.



THE WHITE HOUSE

WASHINGTON

March 10, 1976

MEMORANDUM FOR THE FILES

FROM:

MIKE DUVAL



SUBJECT:

ANTI-GOVERNMENT STRIKE FORCE

This is a reminder note of an idea I had to establish an anti-red tape strike force. This would be done at the Federal level by taking some very, very good attorneys (probably from the litigation divisions of Justice), augmenting them with some economists and people with regulatory experience. We would provide leadership with someone who could provide a good strategy (such as John Snow from DOT) and turn them loose trying to cut Federal red tape. This could either be done by going to department to department, starting a watershed and moving down to the field, or it could be done city to city.

This is something the President could order, it would have high visibility and could end up doing a heck of a good job.

BIG GOVERNMENT

A. M.

govt. - no longer of people ; institutionalized ;
people feel important ;

- can't communicate

- on top of this is what
govt. doing to people ;

- largely a communication
problem ; can't communicate
because too big. No one
can decide ; function of
govt is to serve the people.
≡

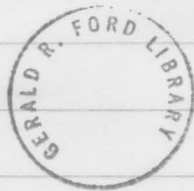
P has Constitutional responsibility
to represent people
problem : bureaucracy ; Civil
Service
i. legislation to restructure

Court. too impersonal because
it's too big.

Call Melroy
on Sat. Oct
Send V.G.
S.D. Sneed

Only people can serve people
must de-institutionalize

P very good at dealing w/ people
should get involved.



NOTES CONCERNING THE "BIG GOVERNMENT" ISSUE

In general, it has received a low priority ranking from the American public. "Government getting too big" is ranked as one of the top three national issues by only 14% of the people. (Note: This is based on the December survey.)

Of the total sample taken, it only ranks 6%.

Note Xerox pages 61, 62, 63, 64, 65 of the blue book.



THE WHITE HOUSE

WASHINGTON

April 19, 1976



MEMORANDUM FOR:

BILL SEIDMAN
ED SCHMULTS

FROM:

STEVE McCONAHEY *SEM*

SUBJECT:

Regulations Review

It is my understanding that the regulatory reform effort is beginning to focus on the regulations of the Federal departments and independent agencies. Given the fact that these regulations have a major impact on state, county and local government, I would like to raise the intergovernmental dimension of regulation reform and offer some suggestions on the approach to this problem.

Two of the Administration's major themes have been the reduction of excessive government, and the return of essential decision authority to state and local governments. The block grant initiatives, revenue sharing, the regulatory reform legislation are existing actions in support of these themes. However, there has not been to date a sustained government-wide effort to overhaul the maze of burdensome regulations that prescribe to state and local officials how Federally-supported programs are run. In most instances, these regulations increase the cost of Federal assistance programs, complicate their administration, and impose unwanted features. To many governors and mayors, the burden of these regulations seems to outweigh the benefits of the programs.

Based on our intergovernmental perspective, and on the observations that state and local officials have made on other White House or agency reviews and studies, I offer the following recommendations for the next phase of regulation review:

1. Focus the review effort on regulations surrounding Federal assistance programs.

The majority of agency administrative regulations deal with Federal public assistance programs and largely affect the delivery of such diverse services as health care, income support, food stamps, job training assistance, and housing.



These are highly visible programs that impact on the great majority of the American people. The regulations for administering these programs are, in many cases, adversely affecting the ability of state, county and local governments to deliver the needed services. As stated in a recent National Journal article:

"...overly detailed administrative regulations in many areas not only fail to achieve their purposes but fail precisely because of the burdens they place on state and local management."

My review of the "targets of opportunity" being reviewed by the EPB suggests a continued focus on regulations affecting the private sector and the consumer.

As an alternative, I believe we must focus the major portion of our efforts on the domestic assistance program regulations - if we do not, we will be overlooking one of the major contributing factors to excessive government and bureaucracy.

2. Provide full-time, sustained White House oversight of in-depth, priority agency reform efforts.

The regulatory reform effort to date has been essentially the work of a Domestic Council review group coordinating specific legislative projects and monitoring agency regulation activities. The performance of the departments and agencies in reviewing their own regulations has been, however, uneven and sporadic. Moreover, because of the focus of the work to date, and because of limited resources, the review group has not been able to devote full time to this effort. Given the unique management and bureaucratic problems associated with the regulation of domestic programs, I believe that we must approach this reform effort quite differently than our approach to date.

The problems we are trying to overcome have a staying power that historically outlasts the life of any task force or review group.



The most contemporary and startling example of this is what is happening to the CETA program: where sound and well-established legislative and administrative simplification and reform is being eroded through the gradual reimposition of old administrative practices and rules.

If we are to move beyond identification of reform opportunities to the actual implementation of improvements, I believe there must be two types of on-going oversight:

- (a) Full-time White House Oversight. Tough and experienced White House management of this effort will: give the effort a clear Presidential mandate; signal this mandate to the departments and agencies; respond to the criticism of state and local officials, who will give the effort full support if they perceive the effort to be a priority; and, insure the objectives are achieved in a timely and visible manner.
 - (b) Agency Participation and Commitment. The agencies must feel the pinch and be held accountable for the progress of this effort. A critical element of real reform is in-depth agency involvement. Historically, the White House has been ineffective by itself in imposing from the outside the type of reform needed here. It requires agency commitment and full participation. One suggestion is the use of the Under Secretaries as the officials charged with in-house oversight, and who would work closely with and under the White House oversight official(s).
3. Provide for input from and participation by state, county and local officials.

No group is more aware of the problems from excessive Federal regulation than those charged with the day-to-day administration of the regulated programs. Moreover, these officials collectively represent an effective force to help marshal support for these reforms, particularly where legislative adjustments are required. The participation of state and local officials is essential, both substantively and politically.

At the same time, we must avoid a "mess chart" situation with a tangled maze of ongoing reform efforts. Already a number of agencies have initiated regulation review efforts, including HEW, Treasury, FEA and EPA. Secretary Mathews, for example, has initiated three task force efforts with the New Coalition, two of which pertain to regulations. Secretary Simon has initiated selective projects with the National Governors' Conference (NGC). Most recently, Jim Lynn committed to respond to priority management and regulation issues identified by the NGC.

For these reasons, I recommend that this effort include the following elements:

- Inputs from state and local officials to help focus the effort (perhaps through an advisory committee, with members like Governor Dan Evans).
- Coordination and encouragement of reform work presently underway in the agencies, thereby avoiding duplication of efforts.
- Channeling of inputs from state and local officials, and their public interest groups, to avoid overloading their capacity to respond.

Summary

The achievement of the President's goals of reducing big government and rebalancing federal-state relations requires that we focus much of our regulatory review effort on public assistance programs, and that we directly involve the officials responsible for the administration of these programs in the departments and agencies. We must have strong, full-time and sustained commitment both at the White House and at the top leadership of the agencies. And, we must orchestrate the various efforts now underway to maximize the input from state and local officials.

Given the intergovernmental charter of my office, I am available to provide whatever assistance I can to achieve these objectives. I consider this a problem area of the utmost urgency, one that we can make quick and visible progress with, and which, if properly approached, will measurably accomplish the President's commitment to reduce the burden of the Federal government.

I would like to have an opportunity to discuss this memorandum with you.





EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 21, 1976

ACTION

MEMORANDUM FOR: THE PRESIDENT
FROM: James T. Lynn
SUBJECT: Management Initiatives



The purpose of this memorandum is to get your guidance on a plan of action intended to both (a) improve management of the federal government and (b) increase public awareness of your interest and actions in this area.

You have undertaken a wide range of actions that are directed at better management in the broad sense. Certainly block grants, deregulation, food stamp reform and the like all make good sense from the standpoint of efficient management.

But there are many other important management initiatives -- more of the "three yards and a cloud of dust" variety -- which are not presently perceived as having a strong Presidential push and which the Congress and the press are increasingly turning into news events.

Some examples are so-called "sunset" bills to limit virtually all programs to a four year life and require "zero-based" budgeting before renewal, bills to require economic impact statements, bills to require evaluation provisions in all new laws, bills to make all new regulations or modifications of regulations subject to one-House veto procedures; bills for more "sunshine" in regulatory agency deliberations, bills directed at mission-oriented budget presentations, bills attempting to define procurement contracts versus grants, and Congressional and media interest in costs of such things as federal employee travel and audio and visual facilities and public affairs generally.

I think it is important that we work out promptly a plan for you to take the lead, and be perceived as taking the lead, on such of these kinds of initiatives as make sense. Although most of what needs to be done can be directed by OMB and the Domestic Council, the effort requires your personal attention (1) to get the proper priority signal to the departments and agencies, (2) to develop the proper recognition by the public that you care about these nitty, gritty but

important tasks, and (3) to give you yet another whole area to weave into your various presentations -- speeches, interviews, Q's and A's, etc. -- as illustrative of the kinds of things you think need to be done and are ordering done -- to make the federal government leaner, less burdensome and more responsive to the Nation's needs.

I think the best utilization of your time to carry this out would be to have, within the next thirty days or so, a "no-nonsense," very businesslike and somewhat extended session with heads of the Cabinet Departments and of the big agencies (GSA, FEA, ERDA, VA) that would be billed as and actually be devoted to better ways to manage. You'll remember that sometime ago you had a "working dinner" with the Cabinet. I propose that we build on that concept. The session could begin in mid-afternoon and extend into the evening, with a working dinner fitted in.

So as to produce as much momentum out of the meeting as possible, my top people and I would meet with each agency head in advance of the meeting to review the agenda of topics to be covered at the meeting, determine how far along the agency is on each topic and explore possible further initiatives to be taken.

Also prior to your meeting, we would furnish briefing materials to you, including background on each of the topics to be covered at the meeting as well as a plan of action for follow-up that you would announce at the close of the meeting. An oral briefing might also be advisable.

Although other topics for the meeting will surely come to mind between now and the meeting, I suggest the following be included in the "inventory" from which the meeting topic will be selected:

(1) Plans for reopening, on a priority list basis, old programs for complete reexamination as to whether they are being run as well as possible.

(2) As part of such priority reviews, republishing for comment existing regulations as if the programs involved were new.

(3) As part of such reviews, holding public hearings.

(4) The use of Executive Office task forces to assist in such reviews on a selective basis as heretofore approved by you.

(5) Progress on the paperwork problem including systematic ways to review better the burden imposed by old and new paperwork requirements, including, on a selective basis, inviting comments and holding hearings in advance of each renewal and each proposed new paperwork burden.

(6) Plans for program impact evaluations on a priority list basis, e.g., evaluating how well the program is accomplishing its objectives.

(7) The extent to which the inflation impact statement concept is working and whether we should be moving from impact statement concepts to something broader, like a decision-makers checklist. See Tab A.

(8) Surveying middle management structures to ferret out "layering," e.g., assistants to assistants, assistants to Deputies, etc.

(9) "Grade creep," e.g., the tendency of average General Schedule grades to move up over time in ways that aren't justified. (This is very costly.)

(10) Identification of and training and advancement opportunities for personnel having management promise.

(11) Improving productivity measurement and extending such measurement to functions not presently covered, as a means of judging both managers and individual staff performance and improving productivity.

(12) Expected results from the current effort to cut travel expense.

(13) Expected results from the Task Force report on audio-visual expense.

(14) Plans for holding down overhead costs, including systems for routine, critical examination of program overhead rates.

(15) Modernizing agency cash management practices to reduce the amount of borrowing Treasury has to do to meet Government-wide cash needs.

(16) Upgrading audits, particularly of intergovernmental programs, to assure public accountability for tax dollars. (Consider "audit committees" of the type used so extensively in industry.)

Civil Service Reform ✓
✓



(17) Plans for making accounting systems more responsive to management needs.

(18) Advantages and disadvantages of Regional Offices.

✓ (19) Use of the private sector more and "in house" personnel less to carry out government programs.

(20) The need in each agency for a policy and management unit that reports directly to the Secretary, does not have programmatic responsibility, has enough expertise to give the agency head and the heads of programs first-rate advice on policy and management matters free of programmatic biases and follows through to see that policy and management objectives are carried out.

(21) Selecting priorities from among the long list of things that might be attempted and using the management-by-objectives system to ensure that the priorities get accomplished.

At the close of the meeting you would issue instructions as to follow-up. Subject to refinement between now and the meeting, I have in mind the following:

-- Instructions to each agency head to (1) choose from the topics covered at the meeting those that require the most attention in his or her shop and look like they have the most promise, (2) develop through the MBO system a reasonable course to show results on such selected topics during the remainder of 1976 and, separately, through the balance of FY 1977, and (3) within 60 days report to the President, through OMB, on the foregoing and (4) similarly report every thirty days thereafter on progress made and obstacles encountered.

-- Instructions to OMB to help the agencies develop such plans, including distribution of such follow-up detailed instructions as are necessary and working the plans into the Fall budget review.

-- Instructions on the selective use of the previously-approved Task Force approach.

This would not be a one-shot splash. With your strong interest demonstrated, the issuance of your instructions and follow-through monitoring by OMB and others in the Executive Office, the agencies will give this management work a higher priority and we should be able to demonstrate and announce real progress with regular frequency between now and the end of the year. Frankly, drawing on our experience with your meetings with the regulatory agencies, it would be even more effective if you were willing to state at the close of the meeting, that you intend to have a follow-up meeting within three or four months to receive oral reports from each agency on the progress they have made to date on their plans. The prospect of having to explain progress or lack thereof to you, face-to-face, would be a powerful stimulus. I also have in mind that a detailed report to the public issued immediately after the second meeting would heighten public understanding of the steps taken since the first meeting and of your personal leadership in these matters.

If you approve of these initiatives, we will work with Dick Cheney, Jim Cannon, Ed Schmults, et al. to pull together the necessary details.

Decision

Approve _____

Disapprove _____

See me _____



THE WHITE HOUSE
WASHINGTON

4/29

Mike FYI

Foster



THE WHITE HOUSE
WASHINGTON

Big Government

April 29, 1976

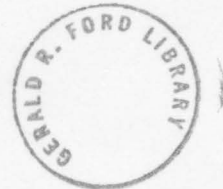
MEMORANDUM FOR: FOSTER CHANOCK
FROM: STEVE McCONAHEY

*Kathy Coonan
for.*

Dick and I talked about this issue when I met with him about two weeks ago. I thought he might be interested in this.

We are developing a specific proposal taking into consideration the Schmults and Lynn proposals.

Attachment



April 22, 1976

Big Government

MEMORANDUM FOR:

JIM CAVANAUGH
TIM AUSTIN

FROM:

STEVE McCONAHEY

SUBJECT:

Opportunities for the President

From my observations and discussions with state and local leaders and their organizations, I would like to identify three areas where I believe the President has before him real political opportunities, but where we have not currently succeeded in taking full advantage of them.

1. Big Government

The President has a long and clear record in opposition to excessive Federal Government. He has spoken about paperwork and delays, he has spoken about returning decisions to the local level, and he has offered legislative remedies in many cases. But it is my sense in talking with state and local officials that his message is not being received clearly by the public. In fact, I have received some reactions that the White House has neglected the management and control of the bureaucracy. I think we should consider several specific steps to reemphasize the President's position:

At the National Level:

- A. Issue a Presidential statement on the management and control of Federal Government and what he is doing to review and improve its management.
- B. Conduct a special meeting with the Cabinet to stress this mandate and order the attention of the Secretaries to specific improvements.
- C. Elevate the management side of OMB, and initiate a clear plan for more resources in this area and more attention to specific management improvements.
- D. Consider establishing a new "Hoover Commission" to review Federal Government operations in this bi-centennial year.

- E. Increase the public's awareness of the Federal Paperwork Commission and indicate specific progress that has been made.
- F. Arrange for an interview with the President by U.S. News and World Report or some other widely distributed magazine to discuss the problems of management and his strong feeling about controlling the bureaucracy. An article in Readers' Digest might be another alternative.

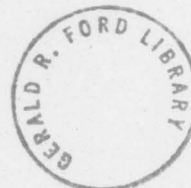
At the Local Level:

- A. The President should meet with local officials during his campaign trips to discuss his action plan and to identify specific problems that have affected the local community, and indicate what he is doing to correct such conditions.
- B. Restate in his speeches wherever he goes what he is doing to control big government. He could discuss the management plan and Cabinet activities suggested above.

These actions would gain support both among the public and among elected officials.

2. Base Closings

A number of significant realignments of Defense installations have tentatively been announced. The timing of these announcements does pose some difficult problems, particularly given the fact that the new procedure being used requires the identification of "targets" as well as "alternatives" for reductions. These multiple targets, as well as the increased openness of the process, will make the base closing issue extremely political for the next six to nine months. While this poses certain risks, I think it offers an opportunity for the President to identify a positive program to help these locations transition through their adjustment period. I think the President should emphasize his support of the Economic Adjustment Committee, which is organized to help cities and localities transition through the readjustment period. He could cite examples of successes that have occurred throughout the country. More importantly, I think he should consider identify-



ing special funds earmarked for these communities where reductions will occur. Presently, most agencies and communities feel that they will have to reallocate existing money. A special transition program would be well received and turn a sensitive problem into a possible plus.

3. Urban Strategy

Continued good news on the economic front has softened the economic plight of many cities. However, there are several cities where the economic improvements will not overcome the severe problems of employment and decay. While some of the other candidates have referred to the problems of the city, it has been a low key issue. I believe the President could take the initiative and make a positive statement on his programs for the cities. Undoubtedly, it will not be enough in the eyes of major city mayors, but it will be a statement that will offset criticism that the Administration does not have an active policy with regard to the nation's cities. I believe we should develop a program even if only in concept - or merely identifying a group to develop a strategy. The President could do this without jeopardizing his position of forcing cities to deal with their own problems without massive new Federal funding. The Domestic Council is now considering an urban statement. I recommend the timetable for this be shortened such that by convention time, Labor Day or at the Annual Convention of the U.S. Conference of Mayors (June 26331) the President could offer a comprehensive statement on his strategy for the cities.



File Big Post.

5/4/76



Election: Comment

have broad conservative support. Any presidential candidate for the Republicans, the national minority party, needs to attract Democrats and independents to win the general election.

The Ford campaign continues to insist that Mr. Reagan is an extremist candidate whose crossover support is limited to defectors from the George C. Wallace camp. But the President's campaign aides acknowledge that they are now in for a rough 10 days as Mr. Reagan pursues his "Sunbelt" strategy in Tuesday's votes in Georgia and Alabama.

Also disturbing for Mr. Ford must be the singular lack of impact his extensive campaigning here appeared to have on the Texas electorate. He drew the crowds, but not the support.

The President's strategists now also must question the wisdom of swapping campaign body blows directly with Mr. Reagan. If the heated Texas campaign is any guide, such tactics seem to carry a considerable danger of self-inflicted injury to Mr. Ford's incumbent image.

Texas proved that Mr. Ford's decision to switch his attention last week to Jimmy Carter as the likely Democratic candidate, before definitively knocking out Mr. Reagan, was a premature and unwise, if not overly arrogant, switch of priorities.
-- (5/3/76)

Texas' Anti-Washington Message Comes in Loud, Clear
(By Lou Cannon, excerpted, Washington Post)

Texas voters in both parties have sent President Ford a loud and clear message that the label "Washington" is more likely to be a political liability than an asset in 1976.

The victory for Carter gave him seemingly unstoppable momentum as he aims for a first-ballot nomination at the Democratic National Convention in New York City.

Reagan's lopsided victory over Mr. Ford wrecked the President's emerging strategy of concentrating on Carter while pretending that the Republican presidential contest has already been decided. It virtually guaranteed that the former California governor will carry his fight all the way to the GOP convention in Kansas City.

The dual victories of Carter and Reagan also raised new doubts about the style and strategy of the President's campaigning and appeared to give respectability to an old Reagan argument that he is more electable than Mr. Ford.

C-7

Ever since he launched his presidential candidacy, Reagan has been contending that he has "a better chance for victory in November than does the President. Reagan points out that he twice won big victories in the California governor's race by attracting the votes of Democrats and Independents.

In contrast, he says, Mr. Ford is identified in the minds of most voters as the long-time House minority leader of a political party that now commands the allegiance of only 20% of the electorate.

The combination of Mr. Ford's Republican identification and the voters' demonstrated preference for "anti-establishment" themes make it unlikely that Mr. Ford can win in the fall, in Reagan's view.

The "crossover voting" was a major element of Reagan's victory here Saturday, although the former governor also swept traditional Republican precincts. The Ford strategists much prefer to face Reagan in states where crossover voting is prohibited. They tacitly acknowledge that Reagan is much more likely to draw Democratic votes, particularly from former supporters of Alabama Gov. George Wallace, than is Mr. Ford.

Other doubts were raised by the President's performance in Texas. The most serious of these concerned Mr. Ford's switch in tactics from an above-the-battle incumbent to a gut-fighting candidate who mocked Reagan's acting career, called him "simplistic" and "superficial" and in some appearances compared him to a donkey. Reagan was angered by these comments but heeded the advice of his strategists and kept his temper.

It was the opinion today both of Reagan's national advisers and of his Texas campaign managers that Mr. Ford's slashing attack backfired. Midland Mayor Ernie Angelo, a Reagan co-chairman in Texas, said that Mr. Ford's comments about Reagan were "unpresidential and very defensive."

The Texas campaign also exposed serious weaknesses in Mr. Ford's speaking style, which has long concerned his strategists at the President Ford Committee. When the President spoke last Thursday at a suburban convention center near here, a deputy White House press secretary breathlessly estimated the size of the crowd at 6,500.

"Which count is that?" a reporter asked. "The crowd at the beginning or the crowd at the end?" The reporter's question was based on the observation that crowds have a habit of turning out in goodly numbers for Mr. Ford's carefully promoted political

C-8

rallies. But after some of these onlookers have seen the President, and particularly after they have heard him speak, they frequently start moving toward the exits.

Mr. Ford's television commercials in Texas tried to circumvent his reputation for dullness by showing many "action" pictures of him and by using a minimum of excerpts from his speeches. But the President campaigned in Texas the entire final week before the primary, and he may have made more of an impression on the voters than did his television spots. -- (5/3/76)

Reagan's Big Need Now

(By R. W. Apple Jr., excerpted, N.Y. Times)

Ronald Reagan inflicted upon President Ford yesterday the worst trouncing ever suffered by an incumbent in a Presidential primary. However atypical Texas may be, however dubious it may be that the former California governor can repeat his performance elsewhere, the magnitude of Mr. Ford's defeat in Texas will inevitably have an impact on the course of the contest for the Republican Presidential nomination.

The Texas results all but insure a fight that will spill onto the convention floor, probably accompanied by the kind of disruptive attacks and counterattacks that the Republicans, as a minority party, usually strive to avoid.

In the minds of a few Republican leaders, a minority of a dozen or so canvassed by telephone today, the Reagan sweep has rekindled the belief that the former governor has an outside chance of taking the nomination away from Mr. Ford. That kind of talk has not been heard outside the circle of Reagan diehards since the New Hampshire primary.

In a way, he is now in the position where Jimmy Carter, the former Governor of Georgia, found himself some weeks ago: he must prove more than a regional appeal, especially in one or more of the industrial states with big blocs of delegates.

Tuesday's Indiana primary becomes the test of Mr. Reagan's ability to establish momentum as a result of his Texas victory. Polls taken in the state several months ago gave Mr. Ford a 25-point lead, but Thomas S. Milligan, the State Republican Chairman, said last week that he expected the President to win by only 10 points. Mr. Ford's biggest advantage, he said, was the state's traditional support of an incumbent.

Several Indiana Republicans said today that they were no longer sure that the President would win, and the Reagan staff was reported

THE WHITE HOUSE
WASHINGTON

May 7, 1975

*File
By Government*

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR JIM CANNON
THROUGH: JIM CAVANAUGH
FROM: MIKE DUVAL *Mike*
SUBJECT: GOVERNMENT "RED TAPE"

I suggest you read the attached letter from Mr. Terry. It makes an excellent example of what government "red tape" (Federal, State and local) is doing to a small businessman.

I think it's likely that this will become a major part of the President's domestic record during the '76 election. He has a good opportunity to develop a theme of making government responsive to the needs of people. We must get on the "anti" side of the "anti-government" issue.

It would be enormously useful if we could document this kind of government interference in the private sector, especially as it impacts small businessmen and individual consumers. We should try to document specific cases, covering the broadest range of industries and businesses and geographic regions of the country.

I have some specific ideas in this regard and would like to discuss them with you as soon as possible.



THE WHITE HOUSE

WASHINGTON

May 7, 1975

Dear Mr. Terry:

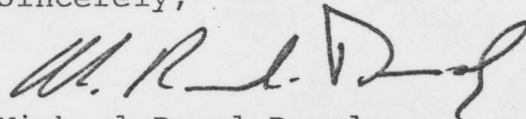
The President has asked me to respond to your thoughtful letter concerning Federal, State and local government regulations.

The President has spoken out very strongly against over-regulation by the Federal government. He has stated that many Federal regulations, in fact, increase the cost of doing business throughout the country and thus, ultimately, the cost that consumers must pay. The benefits that the Nation is receiving from many of the Federal regulations is far less than the cost imposed by the government regulators. The President has ordered a massive review of all Federal regulations and he has also met with State governors and other officials concerning the impact of State and local regulations.

One of the steps that the President has taken at the Federal level to correct this problem, is requiring all agencies to prepare "Inflationary Impact Statements" prior to issuing any Federal regulation in the future. This is designed to determine what the ultimate cost of that regulation will be to consumers and businessmen.

We will follow up on the specific points you make in your letter to the President. It is essential that all of us in the Executive Branch carry out the President's desires to cut unnecessary Federal "red tape" and make it easier for businessmen, such as yourself, to conduct your own affairs.

Sincerely,



Michael Raoul-Duval
Associate Director
Domestic Council

Mr. N. W. Terry
H. M. Terry Company
Willis Wharf, Virginia 23486



H. M. TERRY CO.

Planter and Packer of
SEWANSECOTT OYSTERS
Willis Wharf, Virginia 23486

April 30, 1975

md
President Gerald Ford
The White House
Washington, D.C.

Dear Mr. President:

This is a new experience for me to write to the President of the United States, but your recent news comments and your account in the papers yesterday in which you state you favor fewer rules on business, prompts me to express my opinions and to also congratulate you on being the first in many years to speak out on this matter. We hear so much from labor on how they are being mistreated and how the business man is playing havoc with the economy and the cost of living that it is heart warming to hear the President speak out in favor of business and what controls is doing to it and the cost of living.

Please let me convey to you some of the things that I have been pleading with Congressman Downing and Senator Byrd about for some time, and I hate to say, with very little results although Congressman Downing is responsive and apparently tries.

In 1913, my Father opened an oyster shucking plant at this stand after having been in the oyster growing business since 1903. There were many years of hard work and competition, hurricanes, diseases and so on, but he made it finally. The business grew, not into big business but a profitable small business with employment for about sixty people. In 1936, I came home and associated myself with my Father in this business. We expanded enough to make it profitable for both of us and through the years, we have run the business on that basis until the late 1940's when my Father retired and my Brother came home from the Service and joined me. Everything seemed lovely and we both had great ideas of one of our Sons eventually coming home to join the business and continue its operation. However, things have changed and while my three Sons are now spread all over the Country, one in Georgia, another in Guam in the Navy, and another in Texas, we first we are rapidly being put out of business by not one, but numerous Government Agencies and there is no possibility of either of them ever continuing with this business. This is true of all the small seafood businesses in my area on the Del-Mar-Va peninsula.

About three years ago, we were advised suddenly that in two weeks, we had to have an application for a permit to operate our business in the hands of the Army Engineers since the EPA had declared all the seafood industry a critical industry and we were polluters. This was done without ever having any study made or any facts on the matter. Hurriedly, we all rushed to comply and as a result of this regulation, it cost us nearly fifteen hundred dollars for the Engineers fees, a biological lab to do all the required testing, and this does not include the costs involved here in travel, communications and mothers. The permits were never processed and delivered until late in December 1974. Now we come under new regulations by the EPA that will be enforced by our State Water Control Board who have

already set established offices in Kilmarnock, Virginia for the purpose of policing the seafood industry only. These new requirements will cost us many dollars in compliance if we can comply since all of our effluent now has to be monitored and this requires the services again of a commercial biological lab. In addition, new facilities required are not only unworkable, but are expensive and there is no moderation when it comes to the EPA. They are dictators with unlimited authority who, can put us out of business any time they so desire.

Now the EPA is bad, and I question if we can live with it. However, we still have more and worse. Now FDA has come out with a new manual they call Better Manufacturing Practices which just about put the lid on. We as an industry have been protesting through all the political offices and other groups we can think of and a copy of a letter just received from Congressman Downing in answer to his protest to FDA just about tell him where to go and what he can do. More dictators with dictatorial powers that I am sure our Constitution never intended that they should have. I am advised by our State Shellfish Sanitation Department that if they enforce these new regulations, our plant will be closed because it does not comply with their rules and regulations. However, there is nothing the matter with our plant other than some years of usage on it, but it is not suitable for the installation of some of the more exaggerated equipment they desire. Since we have bacterial standards that we have to maintain, and have maintained them for years, and since we do not want to fail to comply with these standards because to do so means a bad product and a bad product means a great loss to us, we feel that the important thing is to keep these standards and to protect the consumer. The inauguration of all these new things will not change these standards and neither will it improve the product we are putting on the market. What it does do is to put more small business out of business, increase the cost many fold to the consumer, discourage the consumption of our product, and eventually take a fine and healthful product off the market when all we hear is that in the next several years we are going to be hardpressed to feed our American people. I protested a couple of years ago to one of the FDA people that were here inspecting my plant when his suggestion was that I burn this place down and build a new one. I advised that is was regulations like that that were putting the little fellow out of business and his reply was that there are too damn many small businesses in the country today anyway. I was of the impression that it was the small businesses that made this Country what it is today but that apparently is not the thinking of FDA.

Virginia has two Counties on the Del-Mar-Va Peninsula being approximately seventy five miles long and being bounded on the east by the Atlantic Ocean and its tributaries and on the west by Chesapeake Bay and its tributaries. Since its early settlement, the production of seafood has been one of its big industries and carried a heavy load as far as the economic impact is concerned because it was a high employment business during the winter months when agriculture was more or less dormant. Then finally came welfare and we felt the sting on our labor force since many found it more relaxing and profitable to stay home, have babies and draw welfare checks, food stamps and medical assistance. However, we felt that we could cope with that and do the best we could with what was left. That situation continues to grow worse instead of better and we find, in spite of the great unemployment crisis, we cannot get labor to do the job. Yet we still feel that as far as this goes, we have a fighting chance. Then we have the elements like hurricanes that destroy our oyster beds. We have the predators that kill our oysters, we have the pollution from the towns and cities, and all the we still feel we can cope with. We don't look for a handout but when we are damaged, we borrow from the bank and try again, but the regulations and restrictions being put on us by Government Agencies are now more than we can cope with.

In 1936 when I became active in this business, there were at least a hundred oyster businesses in these two counties I have mentioned. I hesitate to stagger a guess at the number of people they employed or the payroll they had. The competition was sharp and all of us were in there plugging to put up a better product at the cheapest possible price and to keep our customers happy. Today, I doubt that there are twenty five oyster businesses left and the remainder have their backs against the wall and are on shaky grounds. In my own town, there used to be five oyster businesses and one of the largest in the country. Today they have converted some of their properties to camping facilities and have no further interests in the seafood business. Out of the five, there are two of us left and we are in the position that we do not know if we will be able to operate again after this season closes in the next week or two. The insecurity we live with now is enough to break a mans back and it hits us at a time when we dont know what to do, for I am sixty years old, still healthy and still not in a position to retire. Therefore, what is the alternative? I either have to close down and look for a job, which is not going to be easy at my age and after all these years, or do I try to continue to beat my brains out and scrape out a living here, probably in violation of some regulation that will eventually put me in jail or cost so much in penalties that my small holdings will have to go to satisfy the

I still have not mentioned OSHA, State Shellfish Sanitation, Virginia Marine Resources Commission, local regulations and rules that we have to live with. It has gotten to the point that none of us are capable of understanding all the regulations and how to comply with them and this is a National disgrace.

I could go on and on, but I know your problems are mountainous to mine and I do not envy your job. However, your recent declarations kindle a small spark of hope among us and we prey each day that you will be successful in your demands and get some of these Agencies off our back and let us operate our businesses again.

We really dont think that all these Agencies are aware of what they do actually. One of the greatest problems all of us have is that all the people that are telling us how to run our business know absolutely nothing about in the first place. Even in our State of Virginia, our Marine Resources Commission who set the rules and regulations with regards planting ground taxes, seed availability and so on have a regulation that only one person from the seafood industry may serve on the Commission, so we end up with attorneys, doctors and people from the mountains that know absolutely nothing about the industry, sitting up there making the rules for us to live by.

Hopefully, Mr. President, you will find the time to read this letter, even though I will be greatly surprised if you do. I realize your many problems and lack of Congressional cooperation, but it is past time that some of us from the sticks get through to you and others that things are going on that should be corrected before it is too late and this business of putting all the small businesses on the rocks is one of them. I feel that you need to know what is going on from some of us that are carrying the load and not exagurated ideas from the many uninformed agencies with too much power and authority. Should you read this letter and find that you would be interested in more information, I stand ready to give you facts and figures that possibly might surprise you.

Thank you for listning, and hopefully you will be seccessful in your desire to to overhaul many federal business regulations.

Sincerely,
N. W. Terry
N. W. Terry

5/23/70

Thoughts for a Presidential Letter on Improving the Quality
of Government

- I am today directing the start of a Federal-wide effort to improve the quality of government.

- This government belongs to the American people. As stewards of that government, we have to begin doing a better job for them.

- Over the next few months, I intend to be personally involved in the design and putting to work of a government-wide program to give the people of this country a better return on the investment they make with their Federal taxes.

- There are _____ major goals of this effort which I expect each Department and Agency head to focus on immediately:

- . The government must become more productive.
 - a. Look at mission versus what we are doing -- eliminate the inappropriate.
 - b. Look for productivity improvement opportunities in everything we do.
- . The government must be less intrusive and interfere less in the personal and business affairs of the American people.
 - a. Regulatory reform
 - b. Paperwork reduction

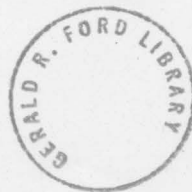


- c. Government as a business competitor -- Post Office, TVA, Railroads, Printing, ADP, office space, etc.

- . Government must be more accountable to the American people.
 - a. Public hearings on issues before decisions.
 - b. Improved public information.
 - c. FOIA and Privacy
 - d. Advisory committees
 - e. Better books and reporting on what we spend.

- . Government must be more effective.
 - a. MBO's
 - b. Program evaluations
 - c. Organizational assessment -- mission vs. structure.
 - d. Quality control and measurement statistics - quality indicators.
 - e. Block grants, program combinations.

- . Government must be more responsive to people.
 - a. Client - Responsible, consumer-sensitive -- who pays bills.
 - b. Improved turnaround time of government services, contacts, inquiry.



- c. Affirmative Action, EEO.
- d. Small business, minority enterprise.
- . Government must be more economical in its day-to-day operations:
 - a. Organizational layering.
 - b. Space cost.
 - c. Internal paperwork - records retention.
 - d. Travel.
 - e. Audio-visual.
 - f. Autos and airplanes.
 - g. Housing for employees.
 - h. PIO staffs.
 - l. Legal and accounting.
 - j. Communications.
 - k. Grade creep.



- I am asking the Director of the Office of Management and Budget to arrange for a series of informal sessions ^{with senior agency management officials,} some of which I will participate in, to initiate planning, review of ongoing activities and the setting of Department and Agency objectives and timetables in support of the above goals.

- I ask that you provide the highest priority to this effort in your organization and that you join with me in a comprehensive program to better the quality of the Federal government by making it more efficient, responsive and accountable.

May 13, 1976

Office of the White House Press Secretary

*File
Big Govt*

THE WHITE HOUSE

FACT SHEET

AGENDA FOR GOVERNMENT REFORM ACT

The President is sending to Congress today the proposed "Agenda for Government Reform Act" which would establish a timetable for the President and Congress to make comprehensive and fundamental changes in Government regulatory activities which affect the American economy. The legislation would:

- Require consideration of the views of the American people who want solutions to our regulatory problems.
- Require an analysis of the costs and benefits of Government regulatory activities.
- Commit the President to develop and submit major reform proposals to Congress no later than the end of January in each of the next four years.
- Encourage more effective Congressional oversight of the operations of Government and commit Congress to act on needed reforms each year.

The purposes of this legislation are to: eliminate excessive regulatory constraints on the economy; develop better, less costly ways to protect public health and safety; reduce federal paperwork requirements; eliminate excessive delay; and streamline the costly regulatory bureaucracy.

BACKGROUND

In October of 1974, President Ford launched a major program of regulatory reform. Since that time, significant administrative improvements have been achieved. A reduction in Government-imposed paperwork requirements has been accomplished. Major regulatory agencies have been asked to reduce delays, increase reliance on market competition, and improve consumer access to regulatory decisions.

In addition, legislation has been enacted to repeal fair trade laws, increase competition in the securities industry, and eliminate outdated railroad regulation. The President has also submitted legislative proposals to improve regulation of our airlines, motor carriers, and financial institutions.

The President will continue to stress the need for administrative improvements and to request Congressional action on pending reform proposals. The legislation he is submitting today builds upon and complements his earlier efforts and charts a specific course for the second phase of regulatory reform over the next four years.

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PRINCIPAL OBJECTIVES OF THE LEGISLATION

1. To encourage broad scale public participation in seeking practical solutions to complex regulatory problems. A fundamental re-examination of regulatory practices will foster increased public understanding of how the system works and how it affects individual Americans. And it will provide an opportunity for individuals in all walks of life to voice their concerns and register their ideas and suggestions for realistic reform.
2. To focus attention on the cumulative effect Government actions have on individual sectors of the economy. The results of this legislation would be to provide a better understanding of both the objectives and effects of regulatory actions -- thereby laying the foundation for lasting, commonsense solutions to our regulatory problems. Also, this legislation would permit the American people to make more informed trade-offs between desirable regulatory goals such as environmental protection and energy conservation.
3. To minimize the costs which Government programs impose on taxpayers and the general economy. Paperwork requirements, unnecessary program duplication, costly delay and burdensome compliance requirements multiply the cost of Government intervention -- often without providing commensurate benefits in return. The legislation would help identify the cumulative costs of Government activities which must be borne by all Americans.
4. To require the President and Congress to act on concrete reforms according to a specific schedule. This legislation would commit both the President and Congress to cooperate in the development and implementation of needed reforms according to a systematic, agreed-upon schedule. Close cooperation between Congress and the Executive will encourage the public to work in concert with their Government to build a more rational regulatory system.

NEED FOR OVERALL REFORM

In general, each time a new national problem is identified, a new Federal program or agency is established to address it. Often, because solutions must be found quickly, new policies or organizations are created without sufficient attention to their indirect economic effects, or to the overlap and duplication which may result.

Once established, these programs and agencies strongly resist change. Even where regulations are having a negative effect or are competing with other national objectives, the "status quo" tends to prevail. Generally, regulatory problems are caused not by a single regulation but by the cumulative effect of many Government regulations. Business, labor, and consumers find it difficult to become actively involved in changing a system that is confusing, overlapping, and complex.

The American economy is divided into many sectors. Government regulatory activities affect these sectors in different ways and to varying degrees. For example, environmental regulations have a greater impact on the transportation industry than they do on the financial community and small businesses often feel the effects of Government proportionately more than large corporations do. Each industry faces its own unique regulatory problems. And presently, the cumulative effects of Government regulatory activities on any given industrial sector are unknown.

more

TIMETABLE FOR REFORM

The Agenda for Government Reform Act would establish a four-year program of fundamental reform. Each year, the President would assess the cumulative effects of Government regulatory activities on major economic sectors and develop legislative proposals for change along the following agency lines (example only):

<u>Year</u>	<u>Sectors of the Economy</u>	<u>Agencies Considered for Legislative/Administrative Action</u>
1977	Transportation & Agriculture - transportation industry including water carriers and pipelines - crop and livestock production - forestry - fishing	National Highway Traffic Safety Administration, DOT Federal Maritime Commission Animal and Plant Health Inspection Service, USDA Agricultural Marketing Service, USDA U.S. Forest Service, USDA Interstate Commerce Commission Civil Aeronautics Board
1978	Mining, Heavy Manufacturing and Public Utilities - pulp and paper industries - chemicals - petroleum refining - rubber/plastics - stone/glass/concrete - automobiles - primary metals - fabricated metal - machinery - electric, gas, sanitary services	Mine Enforcement and Safety Administration, Department of the Interior Environmental Protection Agency Federal Energy Administration Federal Power Commission Nuclear Regulatory Commission
1979	Light Manufacturing and Construction - housing and other construction - general contractors - special trade contractors - food processing - textiles - lumber & wood products - printing & publishing	Occupational Safety and Health Administration, Department of Labor Food and Drug Administration, Department of Health, Education, and Welfare Department of Housing and Urban Development Equal Employment Opportunity Commission Consumer Product Safety Commission
1980	Communication, Finance, Insurance, Real Estate, Trade, Services - banking, credit & insurance - real estate - broadcasting - wholesale & retail trade - business & personal services	Securities and Exchange Commission Department of the Treasury Federal Trade Commission Federal Communications Commission

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ORGANIZATION OF THE REFORM EFFORT

The agenda begins with areas where significant analysis has already been done so that recommendations can be developed quickly.

The White House will coordinate the efforts in each of the four areas. Once the President's proposal is passed:

- . Basic research and public participation in developing major issues will begin simultaneously in each of the areas.
- . Public hearings will be held in all parts of the country to assure that the President has the best thinking available.
- . Each year, the President will submit specific legislative proposals to Congress for action and provide a report to the Congress and the American people on the nature and extent of Government intervention in the economy, including an analysis of the costs and benefits of regulatory activities.
- . The President will direct agencies to make administrative improvements where necessary.

Where regulatory activities affect a wide range of industries --- environmental regulations or occupational health and safety standards, for example --- it may be desirable to defer recommendations for any fundamental changes until a number of different sectors have been examined. The agenda identified in this legislation takes this into account and postpones major recommendations on cross-cutting regulations until sufficient data is available. Thus, although analysis of the effects of OSHA regulations on the transportation and agricultural industries will begin in the first year, major recommendations for any fundamental changes in these areas may not be made until after the President has considered their impact on mining, construction, and manufacturing.

Each year, the President is required to submit reform recommendations to Congress by the end of January. These recommendations are then reviewed by the appropriate Congressional committees. If the House and Senate have not acted on reform legislation by November 15, the President's proposals become the pending business on the floor and remain so until acted on by each House.

SECTION-BY-SECTION ANALYSIS

Section 2 sets forth the findings of the Congress and the purposes of the Act. It points out that although the American economic system was founded on the principles of market competition and minimal Government intervention in the private sector, the Government's role in the economy has grown over the years. In many cases, its regulatory responsibilities have become confusing, overlapping and contradictory. The direct and indirect costs and benefits of regulatory activities are not clear.

Accordingly, the purpose of the legislation is to achieve positive and lasting reform of Federal regulatory activities with increased public participation, more effective Congressional oversight and systematic Presidential action.

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The bill would require the President to develop legislative reforms every year for the next four years. It would require Congress to act on these reforms without delay.

Section 3 defines the specific terms used in the legislation including "agency" and "Federal regulatory activity."

Section 4 specifies the sequence in which reform proposals are to be developed. The timetable is described in detail above in this fact sheet. This section requires that each Presidential proposal include among other things an identification of the original purposes of the regulatory activity under review, an assessment of the effectiveness of the regulation, and specific recommendations for reform, elimination, or continuation of the particular regulatory activity.

Section 5 explains Congressional responsibilities under the Act. It specifies that reform proposals be referred to appropriate committees in the House and Senate and would require Congress to act on reform legislation by November 15th of each year. If the two Houses of Congress should fail to do so, the President's reform proposals would become the pending business of the House and Senate and remain so until acted on by each House.

AGENDA FOR GOVERNMENT REFORM

SECTORS OF THE ECONOMY

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

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

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

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

(Examples of Agencies considered for Legislative & Administrative Action)

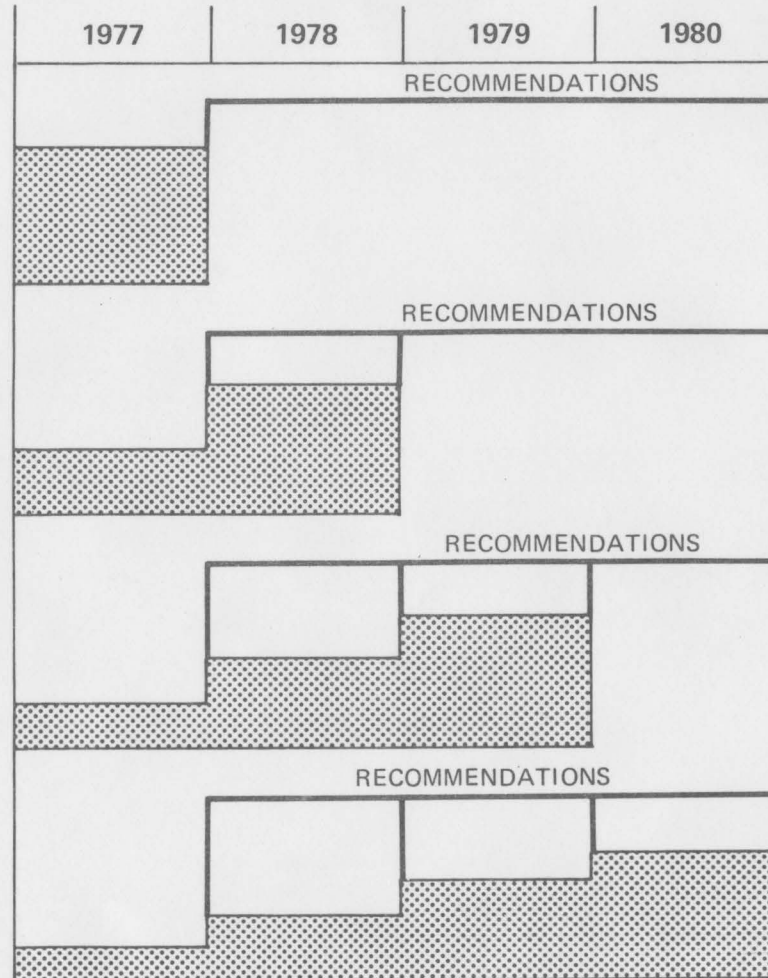
DOT
FMC
USDA

Interior
EPA
FEA
FPC

HUD
HEW
EEOC
CPSC
OSHA

Treasury
FTC
FCC
SEC

TIMETABLE



ANNUAL RESULTS

Legislative Proposals to

CONGRESS

Administrative Actions to

AGENCIES

Report to

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



May 13, 1976

etc

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

Our American economic system has been built upon individual initiative and freedom to strive to achieve our economic goals. In an increasingly complex society, however, the role of government has been to assist in the search for solutions to our National problems. But in many cases, government imposed solutions have created new problems and mandated excessive costs on our society. Over the years, we have departed from the reliance on individual initiative and consumer choice. We have expanded government's role and created a rigid system which has become less able to respond to changing conditions.

The growth of government expanded rapidly in the Depression era. New government agencies were created to resolve our economic and social problems -- to help reduce unemployment, to stabilize financial markets, and to protect failing businesses. As a result of a proliferation of such government agencies since then -- all designed to solve an increasing variety of problems -- we have come to expect the Federal Government to have all the answers -- more and better housing -- an efficient transportation system -- improved health care -- and equal opportunities in the job market.

In our compassionate desire to solve urgent human problems, we have given the Federal Government the power to regulate more and more of our economy and our way of life. Over the years, regulation has been considered an inexpensive, easy answer to some very complex problems. Now, we are beginning to realize how high the costs are of what appeared to be the easy solutions of the past.

Federal programs and bureaucracies have grown geometrically. In the last fifteen years 236 departments, agencies, bureaus and commissions have been created while only 21 have been eliminated. Today we have more than a thousand different Federal programs, more than 80 regulatory agencies, and more than 100,000 government workers whose primary responsibility is to regulate some aspect of our lives.

My Administration has made the reform of government regulation one of its highest priorities. We have initiated a national debate on the role that government regulation should play in our economy. In the past year, we have achieved the most significant and comprehensive progress toward reform in three decades. At the same time we have moved toward a more open and vigorous free market in which consumers have available a wider range of goods and services to choose from and where businessmen have a greater opportunity to run their own businesses.

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For example:

- We have reversed the trend of paperwork growth and reduced regulatory delays.
- We have repealed the Federal fair trade laws which created artificially high consumer prices.
- The Senate has passed the Financial Institutions Act which is the most sweeping reform of banking regulation in over 40 years.
- We have increased civil and criminal penalties for antitrust violations to insure that competition flourishes.
- We have interjected competition into the setting of stock brokerage fees for the first time since the major stock exchanges were established almost 200 years ago.
- We have reduced the amount of ICC regulation of railroads for the first time since the creation of that agency in 1887, and have proposed comprehensive and long overdue reforms of airline and motor carrier regulation.

These are important steps, but they are only a beginning. We need a better understanding of the combined effects of all government regulatory activities on our economy and our lives. We need to eliminate contradictions and overlaps. We need to abolish outdated and unnecessary regulation. We need to strengthen the effectiveness of Congressional oversight of government operations.

To meet these needs, I am today submitting the Agenda for Government Reform Act which would establish a four-year action program to work toward these goals. It would produce comprehensive reforms to:

- guarantee that government policies do not infringe unnecessarily on individual choice and initiative nor intervene needlessly in the market place.
- find better ways to achieve our social goals at minimal economic cost.
- insure that government policies and programs benefit the public interest rather than special interests.
- assure that regulatory policies are equitably enforced.

This legislation would require the President to develop legislative reform proposals by January 31 of each year, and Congress would be required to act upon them. Such a disciplined approach will help focus attention on major, yet often neglected, aspects of government activities. This Agenda will require the assessment of the cumulative impact of government actions on major sectors of the economy and build a rational basis for more informed trade-offs between broad economic goals, such as more jobs and lower prices, and specific regulatory objectives, such as cleaner air and adequate rural services. And it will help identify the hidden costs imposed on the economy by government regulation.

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This legislation is the product of joint Congressional and Executive branch interest in seeking long term solutions to our regulatory problems. Senators Charles Percy and Robert Byrd have been leaders in pressing for comprehensive reforms. In the House of Representatives, Congresswoman Barbara Jordan and Congressman John Anderson have also introduced systematic reform legislation. My legislation addresses similar concerns. I look forward to working with Congress to achieve our common goals.

Let me stress that this new program must not delay reform efforts now underway. This new legislation is a complement not a substitute for the on-going administrative improvements and legislative proposals I have already announced. My Administration will continue to press forward with reduction of unnecessary and burdensome regulation and elimination of government-imposed paperwork and red tape. We will continue to make administrative improvements wherever possible, and to obtain congressional action on proposals for increased competition in regulated industries.

This is an ambitious program. But I believe it is possible to make our regulatory system responsive to the concerns of all Americans. They demand and deserve nothing less. I ask the Congress to act quickly on this legislation so that together we may begin to create a legacy of economic prosperity for future generations.

GERALD R. FORD

THE WHITE HOUSE,

May 13, 1976.

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A BILL

To Set an Agenda for Government Reform

Be it enacted by the Senate and the House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the Agenda for Government Reform Act

Section 2(a)(1). Whereas the American economic system was founded on the principles of competition and minimal government intervention in the marketplace;

(2) Whereas the federal government's role in the national economy has grown through regulatory controls designed to achieve economic objectives and to safeguard public health and safety;

(3) Whereas the costs and benefits of federal regulatory activities are not always understood and these activities sometimes are confusing, contradictory, dilatory or overlapping; and

(4) Whereas the Congress and the President are responsible for the creation, oversight, and execution of these federal regulatory activities and for insuring that they are consistent with the achievement of other important national goals.

(b) Therefore the Congress finds that it is in the public interest for the President and the Congress:

(1) To examine systematically, with substantial public participation, federal regulatory activities in order to determine their impact on the nation's economy, consumers, and taxpayers; and

(2) To eliminate excessive regulatory constraints on the economy; develop better, less costly means of protecting public health and safety; reduce federal paperwork requirements; eliminate unnecessary delay; and streamline the regulatory bureaucracy.

(c) It is the purpose of this Act to achieve positive and lasting reforms of federal regulatory activities through increased participation by the American people, more effective legislative oversight by the Congress, and systematic action by the President. To achieve these purposes, this Act:

(1) Contemplates that the President will obtain the views of concerned Americans on the Nation's regulatory problems and their solutions;

(2) Requires an analysis of the costs and benefits of government regulatory activities;

(3) Commits the President to develop major legislative recommendations in each of the next four years; and

(4) Commits the Congress to act on needed reforms, provided that nothing contained herein should be construed

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as indicating a Congressional intent to discourage or forestall submission or consideration of any legislative proposal dealing with federal regulatory activity at times earlier than those prescribed in Section 4(a) of this Act.

Section 3. For purposes of this Act:

(a) "Agency" has the same meaning as provided in Section 552(e) of title 5, United States Code; and

(b) "Federal regulatory activity" means any systematic action taken by the federal government or an agency thereof, except by its powers of taxation, which may, directly or indirectly, affect economic performance, prices or employment.

Section 4(a). No later than the dates indicated below in this subsection, the President shall submit proposals containing the information described under Section 4(b) with respect to such statutes and agencies as the President elects to include in the following areas:

(1) By the last day of January 1978, the transportation and agriculture industries. The proposal must consider the activities of the Department of Agriculture, the Department of Transportation, the Civil Aeronautics Board, the Interstate Commerce Commission, the Federal Maritime Commission, and such other agencies as the President may determine.

(2) By the last day of January 1979, the mining, heavy manufacturing, and public utilities industries. The proposal must consider the activities of the Department of the Interior, the Environmental Protection Agency, the Federal Energy Commission, the Federal Power Commission, the Nuclear Regulatory Commission, and such other agencies as the President may determine.

(3) By the last day of January 1980, the light manufacturing and construction industries. The proposal must consider the activities of the Department of Health, Education, and Welfare, the Department of Housing and Urban Development, the Department of Labor, the Consumer Product Safety Commission, the National Labor Relations Board, the Equal Employment Opportunity Commission, and such other agencies as the President may determine.

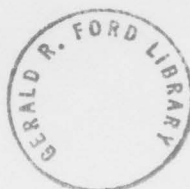
(4) By the last day of January 1981, the communications, finance, insurance, real estate, trade, and service industries. The proposal must consider the activities of the Department of the Treasury, the Federal Trade Commission, the Securities and Exchange Commission, the Small Business Administration, the Federal Communications Commission, and such other agencies as the President may determine.

(b) Each proposal submitted by the President pursuant to subsection (a) shall include the following:

(1) An identification of the purposes intended to be achieved by the enactment of legislation authorizing the federal regulatory activity;

(2) An identification of the economic, technological, social or other conditions determined by Congress to have justified enactment of legislation authorizing the federal regulatory activity;

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(3) An analysis of whether the federal regulatory activity, as authorized and as implemented, has achieved its intended purposes;

(4) An analysis of whether the purposes sought to be achieved by the enactment of legislation authorizing the federal regulatory activity remain valid goals in light of present economic, technological, social or other conditions;

(5) An analysis of whether legislation authorizing federal regulatory activity has complementary, duplicative or conflicting purposes and effects;

(6) An analysis of whether the benefits of the federal regulatory activity outweigh the costs;

(7) An analysis of any reasonable alternative means of achieving the intended purposes of the federal regulatory activity; and

(8) The President's recommendation for reform, elimination or continuation of legislation authorizing the federal regulatory activity.

Section 5. The provisions of this Section are enacted by the Congress:

(1) As an exercise of the rulemaking power of the House of Representatives and the Senate, respectively, and as such they shall be considered as part of the rules of each House, respectively, or of that House to which they specifically apply, and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) With full recognition of the constitutional right of either House to change such rules (so far as relating to such House) at any time, in the same manner, and to the same extent as in the case of any other rule of such House.

(a) The President shall submit each proposal required under Section 4 to the Congress and separately transmit such proposal to the Speaker of the House of Representatives and the President pro tempore of the Senate.

(b) Each proposal submitted under Section 4(a) shall be referred:

(1) To the appropriate standing or special committees of the House of Representatives having legislative jurisdiction or oversight responsibilities with respect to the subject matter of such proposal;

(2) To the appropriate committee or committees of the Senate having legislative jurisdiction or oversight responsibilities with respect to the subject matter of such proposal; and

(3) To such joint committee as the Congress may designate or establish for this purpose.

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(c) The committees to which a proposal is referred under this Section shall review such proposal and report a bill approving or disapproving such proposal in whole or in part, with such amendments as are deemed appropriate. Such reports shall be joint reports if agreement between or among such committees can be made with respect to any such proposal(s), but otherwise shall be separate reports. In the event that the Congress has failed to enact a bill, as called for by Section 4 of this Act, by the 15th of November of each specified year, then the proposal submitted by the President in such year, pursuant to Section 4 of this Act, shall become the pending order of business in the House of Representatives and the Senate. It shall remain the order of business until acted on by each House.

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SECTION-BY-SECTION ANALYSIS

Agenda For Government Reform Act

Section 2 - Findings and Purposes

This section details the Congressional findings and articulates the purposes of the Act. It stipulates that the American economic system was founded on a strong belief in competition and minimal government intervention. It recognizes that federal regulatory actions designed to achieve economic, health or safety objectives have increased over time, and that conflicts, overlaps, delay, or confusion sometimes exist in government regulations. It states that it is incumbent upon the Congress and the President to examine and reform these regulations in order to make sure that regulatory purposes remain valid and regulatory enforcement is equitable and efficient.

The purpose of the Act is to achieve positive and lasting federal regulatory reforms. To accomplish this, greater participation by the American people, more effective Congressional oversight, and more systematic actions by the President are needed. The bill requires the President, in each of the next four years, to submit specific proposals for the reform of federal regulatory activities affecting certain sectors of the American economy. His legislative proposals would be accompanied by a report to the American people and the Congress. The House and Senate would agree to consider the President's proposals before the end of the year if they have not enacted a reform bill earlier.

An important feature of this section stipulates that the timetable set up by the legislation is not intended to constrain in any way the President's right to propose or the authority of the Congress to consider any regulatory legislation. If Congress and the President decide that regulatory legislation is needed prior to the calendar laid out in the Act, their immediate action on that legislation would not be delayed by this bill. Of course, the President would continue to implement administrative reforms affecting Executive branch agencies.

Section 3 - Definitions

This section defines the terms "agency" and "federal regulatory activity". The latter includes any systematic action taken by the federal government, except through its powers of taxation, which broadly impacts the American economy, consumers, or taxpayers. A broad definition of regulatory activity will allow the President flexibility to recommend changes in many areas -- e.g., statutes pertaining to regulations, non-tax subsidies and credit assistance, government procurement, etc.

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Section 4 - Timetable for Reform

This section lays out the sequence of proposals which the President will submit to Congress.

The legislation organizes the President's program around major industries. By January 31 of each of the following years, the President will submit proposals for reforms which appear to him most critical in the following areas:

- (a) By January 31, 1978 - The transportation and agriculture industries. This includes all aspects of the transportation system including water carriers, pipelines, local and suburban transit systems, transportation services, plant and live-stock industries, etc. and other industries. As a guideline, the President would examine at least those industries described in major groups 1-9, 40-47 of the Standard Industrial Classification Manual (SIC), 1972 edition.

In this area, the President would consider the activities of the National Highway Traffic Safety Administration in the Department of Transportation, the Animal and Plant Health Inspection Service in the Department of Agriculture, the Federal Maritime Commission, and any other agencies he deemed appropriate.

- (b) By January 31, 1979 - The mining heavy manufacturing and public utilities industries. This includes mining, oil and gas extraction, paper, chemicals, petroleum refining, rubber, concrete, primary metals, machinery and transportation equipment, electric, gas, and sanitary services and other industries. As a guideline, the President would examine at least those industries described in major groups 10-14, 26, 28-30, 32-37, and 49 of the Standard Industrial Classification Manual (SIC), 1972 edition.

The President would consider activities of the Mine Enforcement Safety Administration in the Department of the Interior, the Environmental Protection Agency, Federal Energy Administration, Federal Power Commission, Nuclear Regulatory Commission, and any other agencies he deemed appropriate.

- (c) By January 31, 1980 - The light manufacturing and construction industries. This includes food processing, textiles and apparel, printing, measuring and controlling instruments, construction, and other industries. As a guideline, the President would examine at least those industries described in major groups 15-17, 20-25, 27, 31, and 38-39 of the Standard Industrial Classification Manual, 1972 edition.

The President would consider the activities of the Food and Drug Administration in the Department of Health, Education, and Welfare, the Occupational Safety and Health Administration in the Department of Labor, the Consumer Product Safety Commission, National Labor Relations Board, Equal Employment Opportunity Commission and any other agencies he deemed appropriate.

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- (d) By January 31, 1981 - The communications, finance, insurance, real estate, trade and services industries. This includes communications, banking, securities and commodities trading, the insurance business, and other industries. As a guideline, the President would examine at least those industries described in major groups 48, 50-99 of the Standard Industrial Classification Manual, 1972 edition.

The President would consider the activities of the Treasury Department, the Federal Trade Commission, Securities and Exchange Commission, Small Business Administration, Federal Communications Commission, and any other agencies he deemed appropriate.

Each yearly proposal must include analyses of relevant federal regulatory activities and be accompanied by the President's legislative recommendations for needed changes.

Section 5 - Congressional Review

This section states that Congressional agreements for considering legislation are adopted as a change of rules in the House and Senate. It requires the President's legislation to be referred to the appropriate committees in the House and Senate, and to any joint committee established or designated for the purpose.

The committees would have until no later than November 15 of the year in which the proposal was originally submitted to report out and enact regulatory reform legislation. If at that time a bill had not been enacted, the President's original proposal would become the pending business in each House and remain the pending item until disposed of by each House.

The legislation does not request any authorization for additional funds. Existing resources will be used to carry out the reform agenda.

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Mike Duval



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 15, 1976



MEMORANDUM FOR JTL

FROM: JLM

SUBJECT: Management Meeting

As I discussed with you on Wednesday after my meeting with Bob Wallace, I have now touched base with the following people: Paul MacAvoy, Mike Duval, Steve McConahey, Fernando Oaxaca.

The following table describes who seems to be doing this at the present time:

- | | |
|--|--|
| 1. Review of independent regulatory commissions | Ed Schmults, Stan Morris; short-term task force effort to improve regulatory practices in selected agencies; proposed new legislation -- See Tab A. |
| 2. Review of regulatory activities within line agencies | Paul MacAvoy has picked three agencies and has begun an "interaction" between agency lawyers and outside lawyers -- See Tab B. |
| 3. Review of regulations governing delivery of Federal funds to State and local agencies | Steve McConahey of the Domestic Council with about four staffers is looking into ways to simplify this activity; he is providing us with his plan for action -- See Tab C. |
| 4. Energy Organization | Kasputys and Mitchell are heading a review of current Federal energy and natural resources organization -- See Tab D. |



5. Philosophy of why President is concerned about these matters

Mike Duval -- in his role as Special Counsel to the President -- is trying to put something together.

I would think it would be helpful to have somebody to try to tie the above efforts together not only to avoid duplication of effort but also to make sure we get some results that we can talk about in the months ahead.

With respect to the need for a management program in the areas generally set forth by your memorandum to the President, I believe that the following categories might make sense.

1. Evaluation

The President could, through OMB, require every program in the Federal Government to undergo a quadrennial evaluation. Evaluations could be divided into two kinds: whether the activity makes any sense at all and, assuming the activity makes sense, is the program achieving its objectives. Each such evaluation would have to meet certain criteria set out generally by OMB which would vary with the type of program. For example, all grant programs to States for planning would have to meet certain criteria for evaluation.

Such a directive would possibly be prepared within a month and would require people both from OMB and the agencies. Beyond that, Fernando has located certain studies which are nearing completion that could be used as examples of what the President is now doing.

2. Consumer Responsiveness

With respect to about ten highly visible items -- such as passports, mortgage insurance, tax refunds, etc. -- where the Federal Government impacts individuals as consumers, it might be possible to establish performance standards which are tougher than the processing times, for example, that are in effect now -- and that are achievable over the weeks ahead. This could be part of a larger -- HUD like -- type of agency management initiative involving MBO's, personnel evaluation, matrix organization improvements, management information system, negotiated targets, etc. We might even add some show-biz -- like returning application fees if the standards aren't met.



3. Attacking Frills

Here I think we should identify a few visable areas where savings might occur. Travel, audio-visual, paperwork reduction would be candidates.

4. Assistance and Grant Program Improvements Through Substantive Regulation Revision

Examples here are like what is done with the food stamp area. Perhaps a survey of OMB examiners would uncover other fertile areas. Perhaps overlaps with what Steve McConahey is doing.

The President's meeting with agency heads might well begin with a briefing about the activities on the above table. Beyond that, perhaps we should shoot for specific assignments in the four areas raised above.

Attachments

April 21, 1976

A

MEMORANDUM FOR THE PRESIDENT

FROM: EDWARD SCHMULTS

SUBJECT: Comprehensive Regulatory Reform Legislation

Issue

On February 4, you met with members of the Domestic Council Review Group and Senior Staff regarding the current status and future directions of the regulatory reform program.

We discussed a two part implementation plan to maintain and build upon our present momentum. Part one involved the creation of a short term task force effort to improve regulatory practices in selected agencies. While we have run into some personnel problems, now largely resolved, a separate memorandum on this effort will be submitted to you shortly.

Part two of the plan was to broaden the scope of the present regulatory debate by undertaking a fundamental reexamination of the Federal regulatory system and setting forth a comprehensive calendar of reform for the next four years. This memorandum outlines in greater detail how such a program might be implemented, requests your decision on whether to submit legislation and recommends an announcement be made shortly.

Background

To date, the regulatory reform program has concentrated primarily on specific targets of opportunity designed to reduce government interference in the private sector. In searching for new targets, however, we find that we are faced with a number of difficult theoretical and practical problems. Your success in formulating strong budgetary, foreign affairs, defense and intergovernmental relations policies has depended in part upon a clear articulation of goals in each of these areas. Comprehensive

plans have helped explain your position on these complex areas to the public and have provided a framework for legislative and administrative decisions. A similar framework is needed in the regulatory reform area.

The Proposal

We have in the OMB clearance process for agency comments legislation which establishes a comprehensive regulatory reform agenda for the next four years. It requires the President to assess the impact that Federal regulations and subsidies have on the private sector and to propose by January 31, 1978-1981 a series of legislative recommendations and administrative actions to reduce the burden of unnecessary Federal intervention. It also requires congressional consideration of these proposals within a given period of time.

In order to develop the required Presidential proposals an effort would be initiated late this year or early next year. It would be under the general direction of a ~~Special Assistant to the President~~ appointed specifically for this purpose and organized into four working groups established to review specific segments of the economy:

- Transportation and Agriculture (including, at a minimum, a look at such agencies as the ICC, CAB, and the Departments of Transportation and Agriculture).
- Heavy Manufacturing, Mining, and Public Utilities Industries (including such agencies as FEA, EPA, FPC and the Department of Interior).
- Light Manufacturing and Construction Industries (including such agencies as the EEOC, FDA, CPSC, and the Department of Labor).
- Banking, Insurance, Real Estate, Communications, Trade and Services Industries (including such agencies as the SEC, FTC, FCC and the Comptroller of the Currency).



Chart 1, which appears at Tab A to this memorandum, illustrates how the effort would be structured with the working groups operating simultaneously. The percentages on the chart indicate approximately how much of the total effort would be devoted to the various segments in any given year. It is estimated that approximately \$2 million per year and a full-time staff of 30 people would be required to implement this program. Chart 2 (also at Tab A) describes the specific timetable in more detail and provides examples of the issues and agencies to be addressed.

Each year, an inventory of Federal involvement would be prepared to identify the extent to which Federal regulations subsidies and other program requirements impact on a given segment of the economy. From this information, major issues would be identified and public hearings would be held to obtain additional information on specific problems and to develop greater public understanding. At the end of each year, four specific products would be submitted for Presidential review:

1. Specific legislative proposals.
2. Specific recommendations for administrative reforms in the agencies.
3. A comprehensive report on the total impact of government interventions in that segment of the economy to serve as a basis upon which to justify the specific administrative and legislative recommendations.
4. A list of issues to be handed off to other working groups for further study.

The President would review these products and submit the report and appropriate legislation to Congress. He would also issue instructions for administrative change.

Legislative recommendations each year would be referred to appropriate committees of Congress for consideration. If the committees had not reported legislation to the floor by November 15 of the same year, the Administration's legislative plan would become the pending order of business on the floor. It would remain the pending item until acted on by each House.

Discussion

There is increasing congressional interest in undertaking a regulatory reform effort. Currently, a variety of bills are being considered ranging from zero-based budget reviews of all agencies to abolishing a number of major regulatory agencies. Action on some form of legislation to require a comprehensive analysis of existing Federal programs appears likely at least in the Senate.

Legislation similar to the proposal outlined in this memorandum has already been introduced in the House and Senate by Senators Percy and Byrd, Representatives Jordan, Anderson and others. However, this proposal differs in several important respects:

1. In addition to focusing on agencies (which is primarily the Percy-Byrd approach), our legislation would require more attention to the cumulative impact of government intervention on important sectors of the economy. This approach would help reduce the congressional inclination to simply "move the boxes", a problem recurrent in past studies of the need for government reform. The proposed legislation would address all important government programs and agencies, many of which are not itemized in the existing congressional versions.
2. The Administration bill recognizes the need for congressional cooperation without attempting to mandate a constitutionally questionable forcing mechanism as does the Percy-Byrd bill.
3. The proposed legislation gives the President the flexibility to defer legislative recommendations on important crosscutting issues until sufficient evidence is available to support them, e.g., OSHA regulations have an impact on manufacturing industries as well as transportation. Under this proposal, legislative recommendations for fundamental changes in OSHA regulations could be deferred until a number of industries had been examined.
4. Our proposed legislation would be somewhat broader in scope, encompassing non-tax subsidies as well as regulation.



5. A cumulative review of Federal programs would result in specific improvements in public policy formulation by providing a basis for more informed trade-offs between our broad economic goals, e.g. reduced inflation and unemployment, and specific regulatory objectives such as health and environment. By looking only at agencies, the Percy-Byrd bill does not provide this perspective.

The proposed legislation represents a significant improvement over the present congressional proposals and we believe it would demonstrate your continued leadership on this important issue. The concerns that have been expressed focus principally on whether a multi-year reform effort of this magnitude is a feasible undertaking. It has also been suggested that we concentrate on safety, health and environmental problems in the first year. Finally, a question has been raised as to whether or not new legislation is required to initiate such an effort.

The Domestic Council Review Group feels that a comprehensive effort is achievable, but only with sustained Presidential interest and leadership. The task is admittedly large, but we believe that it could be accomplished and if we are ever to affect the future growth of Government, it must at least be tried. We also believe it would be unwise to start with safety and health issues because our knowledge is weakest in these areas and additional time is needed to build a persuasive case for reform. Also, if the effort is perceived as simply a pro business attempt to roll back existing safety and health regulations (which is probable if we begin with these issues), its chances for success would be bleak since strong opposition would be encountered immediately.

Finally, we believe legislation is necessary in order to assure continued congressional attention and support for reform. It would also help to secure the necessary assistance from the private sector, and the Federal Government agencies because they would view the potential for action to be much greater. Finally, without a strong proposal of our own, we stand a good chance of losing the regulatory reform lead to Congress.

We are persuaded that the prospects are excellent for broad scale support of our proposal. We have talked with Senator Percy and he intends to hold hearings on his bill before the full Government Operations Committee in the middle of May. The Chamber of Commerce has drafted a bill similar to our proposal but would prefer to support an Administration bill. The National Association of Manufacturers is also interested in getting behind such a comprehensive effort. In developing this legislation we have met with a number of people such as Don Rice of RAND, Roy Ash, Bill Ruckelshaus, Irving Shapiro of Dupont, Lloyd Cutler and Charles Schultze of Brookings. Although they all had different views on how to organize an effort like this, they were unanimous in believing such a program was worth undertaking. We have incorporated many of their suggestions. Finally, the issue was discussed at the EPB and there was general agreement that such an effort should be initiated.

Recommendation

That you submit legislation along the lines outlined above and announce your decision as soon as possible.

Tab B contains a draft statement which could be used to explain the need for a comprehensive program and indicate your personal interest and support.

Approve _____

Disapprove _____

Other _____



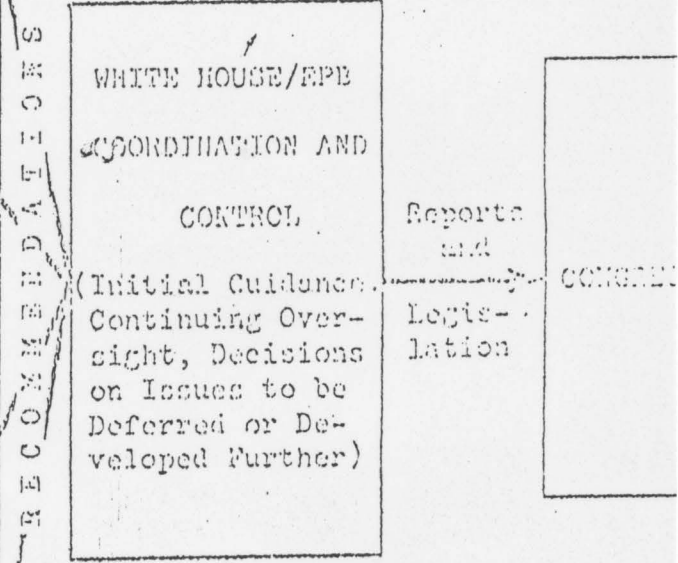
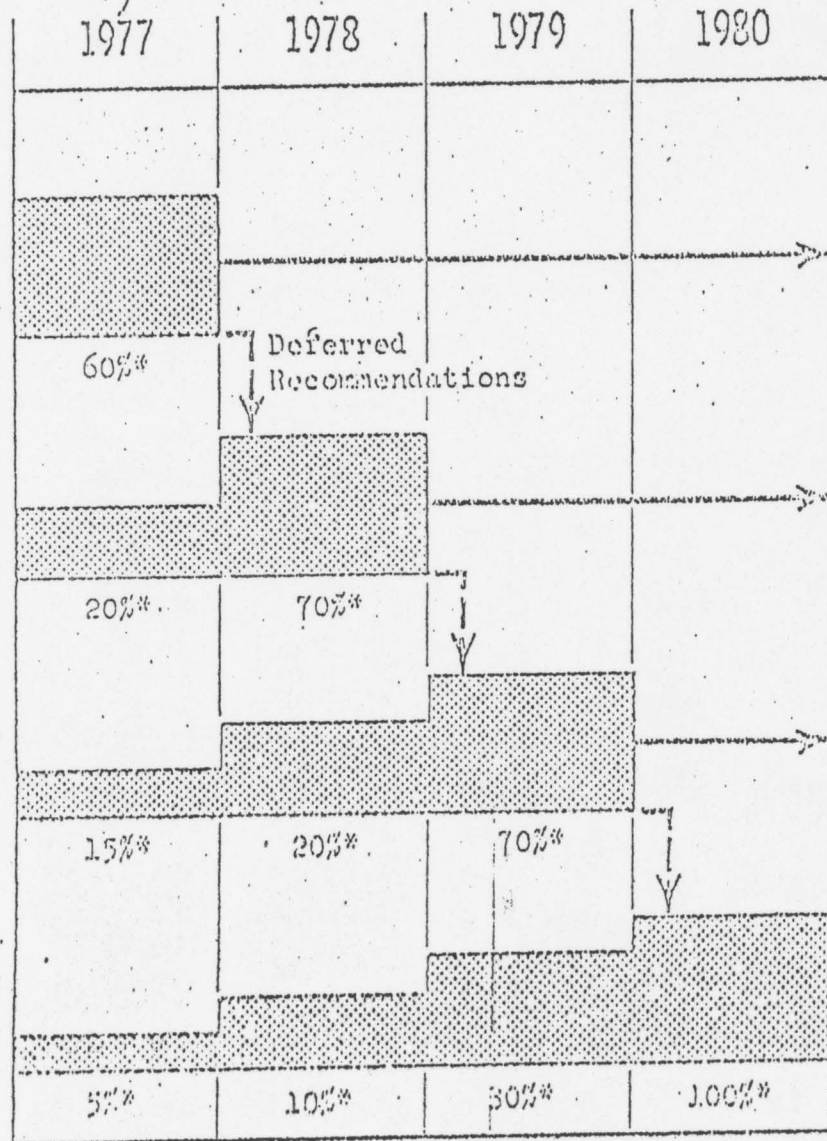
TIMETABLE FOR COMPREHENSIVE REFORM PROGRAM

Sector 1: Transportation and Agriculture (Princ. Agcs. e.g. ICC, CAB, USDA, DOT)

Sector 2: Heavy Mfg., Mining, Public Utils., (Princ. Recs. e.g. EPA, EIA, Interior.)

Sector 3: Light Mfg. and Construction (Princ. Recs. e.g. Labor, EEOC, FDA, CPSC)

Sector 4: Banking, Real Estate, Insurance, Trade, Communications, Services (Princ. Recs. e.g. SEC, FDIC, FCC, Comptroller of the Currency)



*Approximate Percentage of effort.



Timetable for Comprehensive Reform Program

Principal Sectors of the Economy Investigated

Discussion

Transportation and Agriculture
E.g., railroads, motor carriers, airlines, water carriers, pipelines, local and suburban transit systems, crop and live-stock producers, and forestry.

Builds on the Administration's current work to evaluate and restructure the regulatory authorities of ICC, CAB, FMC. Would include analysis of major transportation subsidies (e.g., airlines, rails, and merchant marine) and address problems of transportation safety (FAA, NHTSA, Coast Guard, etc.). Would also address major issues of farm policy, including agricultural quotas, price supports and other subsidies (e.g., CCC, ASCS) inspection and grading of products (e.g., APHIS). Work would begin on issues of employment standards and health/safety concerns, etc. but major recommendations on these would probably be deferred until later years.

Mining, Heavy Manufacturing and Public Utilities
E.g., mining, oil and gas extraction, paper, chemicals, petroleum refining, primary metals, electric, gas, and other public utilities.

Year two would address the environmental and safety issues associated with all use of natural resources (e.g., MESA, EPA), and the major trade-offs associated with environmental and energy related objectives (e.g., FEA, EPA). The analysis would continue to build on employment safety data developed in year 1. It would also outline the government's energy policy beyond decontrol.

Light Manufacturing and Construction
E.g., food processing, textiles, apparel, printing, and construction.

Year three would probably produce most major legislative recommendations dealing with employment (health, safety, compensation standards, etc.) and would address agencies such as OSHA, EEOC, Labor which tend to fall disproportionately on small businesses. Consumer protection issues (labeling, product safety, etc.) will also be considered as they are promoted by agencies such as CPSC, FDA, ATF.

Finance, Insurance, Real Estate, Communications, Trade and Service Industries
E.g., banking, securities, insurance and other financial services, broadcast and communication services, wholesale and retail trade, legal services, etc.

Major issues addressed will most likely be competition between financial institutions (e.g., FHLBB, FDIC, Comptroller), regulation of broadcast and communications services (FCC), the trade practices and the adequacy of public disclosure (e.g., SEC, Federal Reserve, FTC) and the government's role in distribution and trade.



Message to Congress

Some years ago President Eisenhower eloquently warned Americans of the potential dangers inherent in the growth of the industrial military complex. Today, I would warn of the dangers of the growth of a different system--the ever growing system of government regulations.

Starting even before 1776, the American way was to rely on individual initiative and freedom as a way of providing for our economic needs. Over the last several decades, however, we have departed from this trust in individual initiative and consumer choice. For good reasons and bad, we have expanded government's role and the scope and detail of governmental controls. We have created a governmental system which is more and more rigid and less able to respond to changing conditions. In an increasingly complex society, government's role should be to assist in the search for solutions to our problems. But in many cases government has become a part of the problem.

This growth of government accelerated in the Depression era. New government agencies were created to resolve numerous economic and social problems--to help reduce unemployment, to still unstable financial markets, and to protect failing businesses. Over time, we have turned to the Federal Government to bring us better housing, a national transportation system, better health care, and equal opportunities in the job market.

In our compassion to solve urgent human problems, we have given the Federal Government the power to regulate more and more of our economy and our way of life. At the time it seemed like an inexpensive, easy answer to some very complex problems.

Government programs and bureaucracies have grown geometrically to handle all of the Government's responsibilities. In the last 15 years, we have created 236 departments, agencies, bureaus, and commissions. Only 21 have been eliminated. It is no wonder that today we have more than 1000 different Federal programs, more than 80 regulatory agencies, more than 100,000 government workers whose primary responsibility is to regulate some aspect of our lives and tens of thousands of government regulations.

Every President since Harry Truman has tried to reform some aspect of the regulatory system. But in the past year, we have achieved the most significant and comprehensive

progress toward the reform of government regulation in three decades. We have moved toward a more open and vigorous free market with less paperwork and more opportunity for businessmen to run their own businesses.

We have reversed the trend of paperwork growth. We have reduced delays and we have instituted reforms to help small businessmen.

We have repealed the Federal fair trade laws which for 40 years were creating artificially high prices for consumers.

The Senate has passed the Financial Institutions Act which is the most sweeping reform of banking regulation in over 40 years.

We have increased civil and criminal penalties for anti-trust violations to ensure that competition can flourish.

We have opened up competition in the securities markets for the first time since the major stock exchanges were established almost 200 years ago.

We have lessened ICC regulation of the Railroads for the first time since the creation of the agency in 1887 and I have introduced the first major reform of airline and trucking regulation since the 1930's.

However, it is not enough to rest on our first successful efforts. There is much more that needs to be done. First we need to conduct a fundamental reexamination of how we achieve our regulatory goals. We need to find out more about the total impact of the maze of government regulations and subsidies. We need to see where there are contradictions and where there are overlaps. We need to know where outdated and unnecessary regulations should be eliminated. We need to know more about the impact of regulation on jobs, on prices, on innovation and on individual freedoms.

Only by undertaking a comprehensive, systematic program of our regulatory system will we know where our future efforts should be directed, what the best approach to change should be and how we can achieve concrete results.

Certainly we do not seek to change or abolish all regulations, only those that are obsolete, inefficient and benefiting special interests at the expense of the public interest. We do, however, need to know more about our entire regulation system.

The legislation I am submitting to the Congress today would establish a disciplined approach to the design of these policies. It would establish a comprehensive reform program to:

- make sure that government policies do not infringe on individual choice and initiative;
- reduce government intervention in the marketplace;
- find better ways to assure that scarce economic resources are used most efficiently so that we fulfill our desirable social goals at minimum costs;
- improve our ability to ensure that public expenditures benefit all Americans and that government policies are equitably enforced;
- make sure that the public interest rather than special interests benefit from government programs.

To achieve these goals, we need a systematic approach to understanding the problem, so that we can explain the facts to the American public, and assure timely action on the reforms that are necessary.

I have not been alone in recognizing that government interference has too many facets and affects too many people to permit a piecemeal approach to the problems. Congressmen and Senators of both parties have recently introduced legislation requiring major changes in the conventional practices of government agencies. Some bills would give Congress the authority to veto proposed regulations. Others call for the immediate or phased abolition of selected agencies. More comprehensive bills proposed that all agencies be subject to a zero-base authorization review in Congress on a periodic schedule, or that new offices be created within Congress to review specific agencies and/or regulations.

Finally, Senators Charles Percy and Robert Byrd have proposed legislation which would require a series of annual plans designed to amend the authorities of agencies responsible for controlling certain industries or achieving certain goals. The legislation I am submitting today is based on this same concept. Many members of Congress have already voiced their support for this kind of approach. We will be working together to achieve a legislative mandate for a systematic program to reform our regulatory system. I am confident this will enable us to realize our goal of greater economic productivity in a more efficient way.



My legislation:

- focuses disciplined attention on major aspects of government activity that have been often neglected in the past;
- provides for a systematic, phased review and scrutiny of all government institutions, agencies, laws and administrative regulations that directly affect our economy with the aim of eliminating those that do not generate benefits to the public commensurate with their costs;
- provides a means for making a systematic assessment of the cumulative impact of government involvement on major sectors of the economy and for building the basis for informed choices on alternative ways of achieving our economic, social and environmental goals;
- emphasizes the role of Congress, the agencies, State and local governments, business and labor groups and the consumer in formulating proposals for reform and developing the support necessary for success.

The legislation requires the President over a period of four years to submit annual plans designed to eliminate or modify those Federal statutes and regulations which now add more in costs to America's consumers and taxpayers than they provide in benefits. These plans would provide affirmative steps for increasing competition and finding more effective methods of achieving important social and economic goals.

The annual plans would be referred to the appropriate oversight committees in the Congress, giving the Senate and the House of Representatives an opportunity to review and modify the plan. However, it requires that the Congress act on the proposals within ten months of their submission.

Let me stress that this comprehensive, phased program of reform must in no way delay reform efforts now underway. It is vital to our economic health as a Nation to achieve reform of the regulations governing our airlines, the motor carrier industry and financial institutions as soon as possible. This legislation is a complement to, not a substitute for, the legislative proposals I have already sent to the Congress.

e

I believe that the reform of our regulatory system is one of the best investments that we can make in our future as a Nation. I believe we can make Government responsive to the American people and an instrument of economic progress without the endless growth of red tape and regulations.

Let us work together to revitalize our regulatory system in order to build a stronger, healthier, safer America to leave to our future generations.

Tab B

B

THE WHITE HOUSE
WASHINGTON

May 7, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

JAMES M. CANNON
L. WILLIAM SEIDMAN

FROM:

JAMES E. CONNOR *JEC*

SUBJECT:

Task Forces to Reduce Waste
and Inefficiency in Government
Regulation

The President reviewed your memorandum of April 29 on the above subject and approved the Task Force concept outlined in your memorandum to Reduce Waste and Inefficiency in Government Regulation.

Please follow-up with appropriate action.

cc: Dick Cheney
Robert Linder

THE WHITE HOUSE

WASHINGTON

April 29, 1976

MEMORANDUM FOR THE PRESIDENT

FROM:

JAMES M. CANNON *JMC*
L. WILLIAM SEIDMAN *LWS*

SUBJECT:

Task Forces to Reduce Waste and Inefficiency
in Government Regulation

Background

In your meeting with the Domestic Council Review Group on regulatory reform on February 4, 1976, you called for speeding up the pace and broadening the scope of the agency reform effort. You noted that an effective reform effort will require an initiative from outside the Departments and agencies in identifying and reducing obsolete or unnecessary regulations. In order to move forward to accomplish your objective, we will establish a number of short-term task forces to reduce waste and inefficiency in agency operations in the next six months.

Organization

Paul W. MacAvoy of the Council of Economic Advisers will direct the task force effort and will report biweekly to the Economic Policy Board Executive Committee which will provide you with periodic evaluations of the progress being achieved. The task forces will be staffed by individuals detailed from various Departments and agencies.

Initial Focus

Initially, task forces will be set up to work with specific agencies whose regulations appear to impose excessive costs compared to benefits. The goal is to identify excessively costly regulations which could be changed quickly. The task forces will also focus on improvements in the administration of certain regulations, such as speeding up the processing of applications or responses to requests for rulings.

The choice of agencies is perhaps the most critical step in the entire process. Since this initial task force effort is designed for a six-month period, it is important that we concentrate on agencies where improvements in performance can be achieved within a short period of time. Based on our research over the last six weeks, we expect that the task forces will initially concentrate on the following:

1. OSHA. The OSHA mandatory physical standards for the work environment are complex, very costly to meet, and appear to have little effect on industrial accident rates. OSHA itself is planning to hold regional hearings to determine the most costly and least effective standards, and these standards should be eliminated.

2. FEA has been required by congressional mandate to develop comprehensive oil price controls which are complicated and cumbersome. While decontrolling refined products over the next few months, FEA should simplify its procedures.

3. The Office of Export Administration in the Department of Commerce issues export licenses for the sale of major products to Eastern European and Sino-Soviet countries. The current procedures are prolonged and have arguably had an adverse impact on exports from the United States. In the case of high technology products, the national security implications of particular exports is sufficiently complicated that a significant speedup is probably not possible. However, for low technology products it should be possible to develop an expedited licensing procedure. Commerce has taken a number of steps to speed up the licensing process and plans to take additional actions in cooperation with the task force.

Proposed Next Steps

Although the task forces can potentially produce significant and visible accomplishments, their success will depend on your strong personal support. It will require that Departments and agencies provide able people for detail to the task forces. We estimate that the task forces will involve between 20 and 30 individuals over the next six months. We seek your approval of this task force concept before staffing the operation.

Approve _____

Disapprove _____

This memorandum has been approved by the EPB Executive Committee. It has also been reviewed by the appropriate White House offices. Their comments and recommendations are as follows:

Counsel's Office

Approve establishment of Task Forces



John O. Marsh

Approve establishment of Task Forces

Max Friedersdorf

No comment

THE WHITE HOUSE
WASHINGTON

May 7, 1976

~~HR 20~~
Tab C

WEEKLY DOMESTIC ACTIVITIES REPORT
FOR THE PRESIDENT

1. Big Government Issue

Last year when you authorized the creation of the Domestic Council Review Group on Regulatory Reform, we concentrated on the independent regulatory agencies, and those elements of Federal regulation that primarily affect business, jobs and consumers.

Steve McConahey, your Assistant for Intergovernmental Affairs, in a series of discussions with governors, mayors, county executives and their public interest groups, has learned that the number one intergovernmental issue is over-regulation of state and local governments by the Federal government. The bulk of these restrictions on state and local governments is a result of administrative regulations issued by Executive branch agencies.

If you agree, we will propose that Steve form, with OMB, a small strike force to look into the most troublesome areas of over-regulation of state and local government to:

- a) prevent excess regulation of new programs, and
- b) review and revise unnecessary, burdensome and overlapping existing regulations.

We believe we can get some results in the short-term and that this could be the basis of a major Presidential speech or public statement. As part of this process, we would form an advisory group of selected state and local officials, including Dan Evans, who have long called for this kind of reform. We will circulate a proposal for this effort within the senior staff next week. But, we first wanted to get your general reaction to the idea.

APPROVE

MR

DISAPPROVE

THE WHITE HOUSE

WASHINGTON

April 19, 1976

MEMORANDUM FOR: BILL SEIDMAN
ED SCHMULTS

FROM: STEVE MCCONAHEY *SSM*

SUBJECT: Regulations Review

It is my understanding that the regulatory reform effort is beginning to focus on the regulations of the Federal departments and independent agencies. Given the fact that these regulations have a major impact on state, county and local government, I would like to raise the intergovernmental dimension of regulation reform and offer some suggestions on the approach to this problem.

Two of the Administration's major themes have been the reduction of excessive government, and the return of essential decision authority to state and local governments. The block grant initiatives, revenue sharing, the regulatory reform legislation are existing actions in support of these themes. However, there has not been to date a sustained government-wide effort to overhaul the maze of burdensome regulations that prescribe to state and local officials how Federally-supported programs are run. In most instances, these regulations increase the cost of Federal assistance programs, complicate their administration, and impose unwanted features. To many governors and mayors, the burden of these regulations seems to outweigh the benefits of the programs.

Based on our intergovernmental perspective, and on the observations that state and local officials have made on other White House or agency reviews and studies, I offer the following recommendations for the next phase of regulation review:

1. Focus the review effort on regulations surrounding Federal assistance programs.

The majority of agency administrative regulations deal with Federal public assistance programs and largely affect the delivery of such diverse services as health care, income support, food stamps, job training assistance, and housing.

These are highly visible programs that impact on the great majority of the American people. The regulations for administering these programs are, in many cases, adversely affecting the ability of state, county and local governments to deliver the needed services. As stated in a recent National Journal article:

"...overly detailed administrative regulations in many areas not only fail to achieve their purposes but fail precisely because of the burdens they place on state and local management."

My review of the "targets of opportunity" being reviewed by the EPB suggests a continued focus on regulations affecting the private sector and the consumer.

As an alternative, I believe we must focus the major portion of our efforts on the domestic assistance program regulations - if we do not, we will be overlooking one of the major contributing factors to excessive government and bureaucracy.

2. Provide full-time, sustained White House oversight of in-depth, priority agency reform efforts.

The regulatory reform effort to date has been essentially the work of a Domestic Council review group coordinating specific legislative projects and monitoring agency regulation activities. The performance of the departments and agencies in reviewing their own regulations has been, however, uneven and sporadic. Moreover, because of the focus of the work to date, and because of limited resources, the review group has not been able to devote full time to this effort. Given the unique management and bureaucratic problems associated with the regulation of domestic programs, I believe that we must approach this reform effort quite differently than our approach to date.

The problems we are trying to overcome have a staying power that historically outlasts the life of any task force or review group.

The most contemporary and startling example of this is what is happening to the CETA program: where sound and well-established legislative and administrative simplification and reform is being eroded through the gradual reimposition of old administrative practices and rules.

If we are to move beyond identification of reform opportunities to the actual implementation of improvements, I believe there must be two types of on-going oversight:

- (a) Full-time White House Oversight. Tough and experienced White House management of this effort will: give the effort a clear Presidential mandate; signal this mandate to the departments and agencies; respond to the criticism of state and local officials, who will give the effort full support if they perceive the effort to be a priority; and, insure the objectives are achieved in a timely and visible manner.
 - (b) Agency Participation and Commitment. The agencies must feel the pinch and be held accountable for the progress of this effort. A critical element of real reform is in-depth agency involvement. Historically, the White House has been ineffective by itself in imposing from the outside the type of reform needed here. It requires agency commitment and full participation. One suggestion is the use of the Under Secretaries as the officials charged with in-house oversight, and who would work closely with and under the White House oversight official(s).
3. Provide for input from and participation by state, county and local officials.

No group is more aware of the problems from excessive Federal regulation than those charged with the day-to-day administration of the regulated programs. Moreover, these officials collectively represent an effective force to help marshal support for these reforms, particularly where legislative adjustments are required. The participation of state and local officials is essential, both substantively and politicall

At the same time, we must avoid a "mess chart" situation with a tangled maze of ongoing reform efforts. Already a number of agencies have initiated regulation review efforts, including HEW, Treasury, FEA and EPA. Secretary Mathews, for example, has initiated three task force efforts with the New Coalition, two of which pertain to regulations. Secretary Simon has initiated selective projects with the National Governors' Conference (NGC). Most recently, Jim Lynn committed to respond to priority management and regulation issues identified by the NGC.

For these reasons, I recommend that this effort include the following elements:

- Inputs from state and local officials to help focus the effort (perhaps through an advisory committee, with members like Governor Dan Evans).
- Coordination and encouragement of reform work presently underway in the agencies, thereby avoiding duplication of efforts.
- Channeling of inputs from state and local officials, and their public interest groups, to avoid overloading their capacity to respond.

Summary

The achievement of the President's goals of reducing big government and rebalancing federal-state relations requires that we focus much of our regulatory review effort on public assistance programs, and that we directly involve the officials responsible for the administration of these programs in the departments and agencies. We must have strong, full-time and sustained commitment both at the White House and at the top leadership of the agencies. And, we must orchestrate the various efforts now underway to maximize the input from state and local officials.

Given the intergovernmental charter of my office, I am available to provide whatever assistance I can to achieve these objectives. I consider this a problem area of the utmost urgency, one that we can make quick and visible progress with, and which, if properly approached, will measurably accomplish the President's commitment to reduce the burden of the Federal government.

I would like to have an opportunity to discuss this memorandum with you.

Organization of Energy and Related Functions
Task Force Composition and Operating Plan

1. Project Direction

Jim Mitchell and Joe Kasputies jointly responsible to ERC for performance of organizational study of energy and related functions.

2. Working Task Force

At working level there will be a task force comprised as follows:

- a. Central Core - Dinsmore, OSS - Task Force leader
Seidl - EF
Kreitler - NR
- Commerce (ERC)
Secretary -

This core group will be assigned substantially full-time.

b. OMB Back-up Contact Points

- General Counsel's Office
- Science & Energy Tech. Div.
- Agriculture Branch
- Water Resources Branch
- Commerce Branch

These persons should maintain a general familiarity with the study at all stages and be prepared to respond with information, analyses or agency contact work when called upon. The time commitment for these persons should not be extensive.

c. Agency Contact Points

Each directly affected agency will be requested to designate a responsible official who will follow the progress of this study and will see that his agency responds promptly and effectively to requests for basic data and information or for analytical products such as the evaluation of specific issues and the identification and evaluation of tentative options. The person so designated by each agency should have clear access to relevant program officials and to agency top management. Affected agencies are:



Agriculture
Commerce (e.g. Kasputies)
Defense
Interior
Transportation
ERDA
FEA
Water Resources Council

3. Work Steps - following approval of study plan by ERC

<u>Step</u>	<u>Completion by</u>
1. Assemble and brief task force	May 20
<u>Phase I</u>	
2. Call for, obtain and review basic information and data concerning energy and related functions - e.g., legislative basis, Presidential direction, objectives, manpower and funding, major officials, organizational placement, principal issues, Congressional Committee relationships, principal cross-program involvements, published implementing regulations, etc.	May 31
3. Obtain and review prior studies, issue papers, testimony, etc. - update as necessary.	June 10
4. Conduct selected interviews	June 15
5. Formulate preliminary organizational alternatives (without detailed evaluation).	June 20
6. <u>Interim progress report to ERC</u> via project directors - as basis for obtaining guidance on issues and preliminary alternatives	June 25
<u>Phase II</u>	
7. Evaluate in detail those alternatives judged by ERC to merit further consideration for final selection - including follow-up interviews, development of preliminary internal organizational detail for each broad alternative.	July 25



- | <u>Step</u> | <u>Completion by</u> |
|---|----------------------|
| 8. Prepare final report to ERC which presents and evaluates major alternatives especially from standpoint of effectiveness in promoting program accomplishment rather than Congressional/political feasibility. | August 15 |
| 9. Prepare Presidential decision-paper reflecting ERC recommendation. | August 20 |

THE WHITE HOUSE

WASHINGTON

June 2, 1975

MEMORANDUM FOR JIM CANNON
THROUGH: JIM CAVANAUGH
FROM: MIKE DUVAL *Mike*
SUBJECT: "RED TAPE"

This follows up on my memorandum to you of May 7 and your note (see Tab A).

I spoke briefly with Paul Leach and he concurs with my belief that we should document specific cases where Federal regulations have unreasonably burdened small businesses and individuals.

Our objective should be to document specific examples of unwarranted government "red tape". These examples should cover the entire U.S. geographically and the broadest possible number of different businesses. The documented cases could be used in Presidential speeches to "humanize" the deregulation issue, by the Domestic Council staff to "test" the effectiveness of proposed legislation (and to develop additional areas where reform is needed), by agency and department heads as they adopt administrative reforms and in our efforts to explain our deregulation proposals when questioned during Congressional hearings.

I think we should approach this in a very low-key, low-budget manner. If necessary, the project can be escalated, in terms of visibility and resources, as we go along. I recommend that we undertake the following:

- 1) Identify potential cases of unwarranted Federal "red tape" involving adverse impacts on small businesses or individuals.
 - Review White House correspondence.
 - Discuss with Bill Baroody and Virginia Knauer staffs. Review their correspondence, etc.




- Working through the appropriate Domestic Council staff member, check with selected departments and agencies (SBA, EPA, Labor, DOT, etc.)
 - Jim Falk checks with selected governors, mayors, etc. to develop leads.
 - Check with minority staff of appropriate Congressional offices (members and committees).
- 2) Develop one-page summary of potential cases. Develop list (of 25-30 cases) which gives proper spread geographically and by subject matter.
 - 3) Conduct field interviews and fact gathering.
 - 4) Develop preliminary report by August 15.

In order to keep this low-key, I recommend using a summer intern to do the initial work.

THE WHITE HOUSE
WASHINGTON
May 7, 1975

*P-
Regulations*

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR JIM CANNON
THROUGH: JIM CAVANAUGH *C*
FROM:  MIKE DUVAL *Mike*
SUBJECT: GOVERNMENT "RED TAPE"

I suggest you read the attached letter from Mr. Terry. It makes an excellent example of what government "red tape" (Federal, State and local) is doing to a small businessman.

I think it's likely that this will become a major part of the President's domestic record during the '76 election. He has a good opportunity to develop a theme of making government responsive to the needs of people. We must get on the "anti" side of the "anti-government" issue.

It would be enormously useful if we could document this kind of government interference in the private sector, especially as it impacts small businessmen and individual consumers. We should try to document specific cases, covering the broadest range of industries and businesses and geographic regions of the country.

I have some specific ideas in this regard and would like to discuss them with you as soon as possible.

*1) Cavanaugh
2) Mike - I would like to see your suggestions. Mr. brief them for me, and then we'll discuss. John*



OUTLINE OF POINTS FOR THE PRESIDENT'S STATEMENT TO BE
ISSUED ON THURSDAY, JUNE 3, IN CONNECTION WITH HIS MEETING
WITH THE "NEW COALITION"

- One of my most important objectives as President is to improve the quality of performance of the federal government and reduce the burden it places on individual Americans.

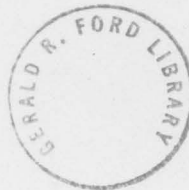
In many respects, the federal government has become a burden to all of us by interfering in our daily decisions, both as individual citizens and participants in the free economic system, and also because of the burden it places on us as taxpayers. Too often, the right to choose a life style and make other individual decisions is being infringed upon by government regulation. Also, the burden we must shoulder as property and individual taxpayers is increasing without matching benefits.

- I have set out to make fundamental, comprehensive and structural changes in the federal government. As President, and one who has served in Congress for over twenty-five years, I cannot simply criticize the government, but rather I have taken actions to change it. I am improving the quality of the federal government by:

- Returning resources and decision-making authority to state and local government officials. [Insert description of revenue sharing and bloc grant programs]



- Reforming federal regulation, thereby saving the consumers money and reducing government interference in individual decision-making. [insert regulatory reform legislative package -- four-year plan -- plus specific independent regulatory agency reform bill]
- Streamlining the operation of the Executive Branch, thereby reducing cost of government, increasing efficiency and making government officials more responsive to people. [insert information on OMB management initiatives, review of regulations governing delivery of federal funds to state and local agencies, and our "strike force" idea.]
- These are some of the specific reforms that are currently underway and have already had a major impact in changing the federal government. This is consistent with my overall philosophy in approaching the role of government, which is to let individuals make decisions -- not bureaucrats. That is why my basic approach to economic recovery has been to support tax cuts as opposed to additional federal make-work programs. [pick up from President's recent speeches on tax cut versus federal programs.]
- I deeply believe that the government must cost less and be more responsive to the legitimate needs of the people. We have to remember that government does not govern this nation; the people do.



I have found that the further away decision-making gets from the people involved, the more unresponsive the decision-making becomes. People must be able to reach out and control the public employee who is making decisions which impact them. We must never insulate the government employee from the people we all serve.





Need
TABS B
C

THE WHITE HOUSE

WASHINGTON

June 21, 1976

MEMORANDUM FOR: DICK CHENEY
FROM: MIKE DUVAL
SUBJECT: BIG GOVERNMENT

I continue to work on developing an approach to the Big Government problem. We must put the issue in a very broad context and get away from the narrow, highly technical approach we've been using in the past -- such as talking about revenue sharing, regulatory reform, and the like.

To give you an idea of what can be accomplished by aiming for the broader picture, you might want to take a look at some brief remarks which I had hoped the President would use to open his meeting with the Governors and Mayors on revenue sharing several weeks ago. (See Tab A.)

I think that Carter continues to be highly vulnerable in this area because he refuses to be specific about what he would do to attack the bigness problem. Accordingly, I think that we should take steps immediately to develop a most comprehensive and detailed government reorganization plan. A piece of it was contained in the memo I did for you yesterday, calling for detailed review of the Civil Service. However, there is much more involved.

One idea I had was to consider major Cabinet departmental changes, much as Nixon did. I fundamentally disagree with the Nixon approach of consolidation along functional lines because I think it resulted in creating Cabinet departments which were so big that they were virtually unmanageable.

I think it would be useful for you to chair a meeting of some people I have listed at Tab B for the purpose of developing a strategy for coming up with a government reform plan.

This would probably take four or five hours and should be done on a Saturday or a Sunday. (See Tab C for a draft agenda.)



DECISION

Set up meeting: Yes _____

No _____

See me _____

Invite those checked in Tab B:

Yes _____

I will do inviting _____

TAB A

ONE OF MY MOST IMPORTANT OBJECTIVES AS PRESIDENT IS
TO IMPROVE THE QUALITY OF PERFORMANCE OF THE FEDERAL GOVERNMENT
AND REDUCE THE BURDEN IT PLACES ON INDIVIDUAL AMERICANS.

TOO OFTEN, THE RIGHT TO MAKE INDIVIDUAL DECISIONS
IS BEING INFRINGED UPON BY GOVERNMENT REGULATION. ALSO,
THE BURDEN WHICH PROPERTY AND INDIVIDUAL TAXPAYERS MUST
SHOULDER IS INCREASING WITHOUT MATCHING BENEFITS.

I HAVE SET OUT TO MAKE FUNDAMENTAL, COMPREHENSIVE
AND STRUCTURAL CHANGES IN THE FEDERAL GOVERNMENT. AS
PRESIDENT, AND ONE WHO HAS SERVED IN CONGRESS FOR OVER TWENTY-
FIVE YEARS, I DO NOT HAVE THE LUXURY OF SIMPLY CRITICIZING
GOVERNMENT.



INSTEAD, I HAVE ACTED AND I WILL CONTINUE TO ACT TO
CHANGE IT. I AM IMPROVING THE RESPONSIVENESS OF THE
FEDERAL GOVERNMENT BY:

-- RETURNING DECISION-MAKING AUTHORITY AND THE
FINANCIAL RESOURCES REQUIRED TO STATE AND LOCAL GOVERNMENT
OFFICIALS.

-- BY REFORMING FEDERAL REGULATION, THEREBY SAVING
AMERICA'S CONSUMERS MONEY AND REDUCING GOVERNMENT
INTERFERENCE IN INDIVIDUAL DECISION-MAKING.

-- AND FINALLY, BY STREAMLINING THE OPERATION OF
THE EXECUTIVE BRANCH -- THEREBY REDUCING THE COST OF
GOVERNMENT, INCREASING EFFICIENCY AND MAKING GOVERNMENT
OFFICIALS MORE RESPONSIVE TO THE PEOPLE.

GENERAL REVENUE SHARING IS A PROVEN, SUCCESSFUL,
AND VERY IMPORTANT ELEMENT IN MY EFFORTS TO RETURN MORE OF THE
DECISION-MAKING PROCESS AND NECESSARY FINANCIAL RESOURCES
TO LOCAL UNITS OF GOVERNMENT.

IF GENERAL REVENUE SHARING IS NOT EXTENDED, THE
FISCAL AND ECONOMIC IMPACT ON MANY STATES AND LOCAL
COMMUNITIES WILL BE SEVERE. THE UNFORTUNATE DELAY IN
ENACTMENT OF THIS LEGISLATION HAS ALREADY CAUSED SERIOUS
PROBLEMS. THE EVIDENCE INDICATES THAT FURTHER DELAY, THE
FAILURE TO EXTEND THIS PROGRAM, OR THE ADOPTION OF DRASTIC
PROGRAM REVISIONS -- WOULD LEAD TO INCREASED PROPERTY TAXES
AND THE IMPOSITION OF OTHER TAXES IN MANY AREAS.

IT WOULD ALSO EFFECT THE LEVEL AND QUALITY OF VITAL PUBLIC SERVICES WHICH ARE PROVIDED. THERE WOULD BE LESS POLICE AND FIRE PROTECTION, REDUCTIONS IN HEALTH, EDUCATION AND SOCIAL PROGRAMS, AND DELAYED CONSTRUCTION OF NEEDED PUBLIC FACILITIES.

DURING THE PAST FOURTEEN MONTHS, I HAVE SOUGHT TO WORK WITH THE CONGRESS IN ORDER TO ACHIEVE THE ADOPTION OF SOUND LEGISLATION EXTENDING THIS VITAL PROGRAM. I WILL CONTINUE TO WORK WITH THE BI-PARTISAN CONGRESSIONAL LEADERSHIP AND REPRESENTATIVES OF STATE AND LOCAL GOVERNMENT TO ACHIEVE THAT GOAL.



IT IS IN THAT SPIRIT THAT I HAVE ASKED YOU HERE
TODAY. I KNOW THAT MANY OF YOU SHARE MY CONCERNS.
I HOPE THAT WE CAN EMERGE FROM OUR DISCUSSION TODAY UNITED
IN OUR SUPPORT FOR GENERAL REVENUE SHARING AND WORK TOGETHER
FOR THE ADOPTION OF A BILL WHICH WILL CONTINUE THE GOOD
RESULTS ALREADY ACHIEVED BY THE EXISTING PROGRAM.

END OF TEXT



TAB B

TAB C

THE WHITE HOUSE

WASHINGTON

June 27, 1976

MEMORANDUM FOR: JIM CAVANAUGH
FROM: MIKE DUVAL *Mike*
SUBJECT: GOVERNMENT RED TAPE

Attached are some more examples from Bill Rutherford of government red tape.

I recommend that someone on the Domestic Council be assigned as "product officer" for these problems.

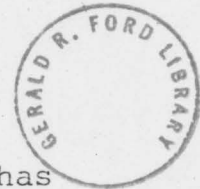
One possible way to approach this problem is to have the appropriate agency head personally develop a substantive reply to legitimate claims that Federal programs are not working. This could be reviewed by the Domestic Council before going out to insure that it is responsive.

This way some of the programs might receive well-needed reform.



September 14, 1976
JC:MD

RESPONSE TO BIG GOVERNMENT ISSUE



When left unchecked, every level of government has a tendency to grow. In the past, we have seen this at the city, State and Federal level.

I believe this is a serious problem. If we were an undeveloped country with only a few qualified people, it might make sense to concentrate them all in the Capital - at the State and Federal levels. But, when we have as talented and energetic country as America, it is a great waste to direct things from Washington, or just from State Capitals. Indeed, I have found that when we move slowly in Washington, we tend to encourage opportunities to open up elsewhere in the country.

America has the most educated, resourceful and widely diverse talent of any country on earth. It is an enormous waste of human resources to concentrate initiative in Washington when the whole fabric of American society is bursting with intelligence and creativity.

It has been gratifying to me to be able to devote some of my time and energy over the last two years changing the Executive Branch of the Federal government to conform with my view that government should not be allowed to get too big. I have found that keeping down the growth of government requires the vigorous efforts of the Chief Executive.

The Executive Branch has about 11,000 fewer employees today than it had when I took office. The decline isn't dramatic, but it is real and it tells us that the trend toward bigger government can be reversed with hard work.

In addition, we have been able to increase by 24% the portion of the Federal budget returned to our State and local communities. We have reduced Federal paperwork by over 12%, and my personal office -- the White House -- now has nearly 10% fewer employees than when I took office. That didn't happen by accident. It happened because I directed it to happen and because I followed up to make sure that it did happen.

I suspect that Governor Carter knows how hard it is to reduce the growth of government because while he was Governor, the State employment in Georgia rose by 24%, from 34,332 to 42,400. However, the most outrageous example of growth in government is the Congress of the United States. Its staff has grown 84% in the last ten years, which makes it the fastest growing industry in the country.

