

CONGRESSIONAL LEADERSHIP AGENDA

March 18, 1969

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| 8:30 - 8:50 a.m. | I. One-Bank Holding Company Legislation |
| 8:50 - 9:10 a.m. | II. House Vote on Increase in the Debt Ceiling |
| 9:10 - 9:30 a.m. | III. Consolidation of Departmental Field Regions |



DIARY OF WHITE HOUSE LEADERSHIP
MEETINGS -- 91st CONGRESS

March 18, 1969

The President entered at 8:35 and asked Mr. Kennedy to explain the one-bank holding company legislation. Kennedy asked Dr. Charles Walker to do so. The Administration bill has the unanimous support of Treasury, Justice, Budget, Council of Economic Advisers and the three banking agencies. He read a Presidential Message on the Bank Holding Company Act of 1969. The legislation intends to build upon the 1956 Act, in which President Eisenhower took the lead. The 1956 Act applies only to holding companies with more than 1 bank. The 1969 Act would apply to 1-bank holding companies of which there are approximately 800 now. It would contain a grandfather date of 1968 but require corporations acquired thereafter to confine themselves to financial and fiduciary functions. Kennedy endorsed Walker's remarks and said that it was important to check the growth of conglomerates.

Widnall agrees with the legislation but disagrees with the approach. He believes Treasury should send the bill with its own message to Congress rather than have the President message the bill to Congress. The point is that this would confine the struggle to Patman and Treasury rather than Patman and the President. Walker said Patman's bill and this bill are not too far apart, but Patman's would require complete divestiture.

RMN inquired if Congressional Leadership agreed with Widnall. Dirksen asked if this was intended to be an opening gun against all conglomerates and cited a case to illustrate some of the beneficial effects that can flow from mergers. Walker said "no." RMN said that administration policy would be devised on the basis of the effect upon economic efficiency and the interests of the consumer. Ford said that some legislation is bound to pass, and in



such case, it is not necessary for the President to make it a personal privilege battle. He agreed with Widnall. Bennett agrees with Treasury that the President should send a message. Perhaps a second message could come from Treasury. He and Sparkman will introduce the Administration bill. Taft said that his trip home last weekend proved that people were concerned about the threat of conglomerates. He suggested that the message be amended to broaden the gauge. Rhodes agrees that the public is concerned about the danger of business bigness growing out of mergers. Scott suggested that the message eliminate the word "conglomerates" so that it would not be interpreted as a broadside against all mergers. Allott agreed with Taft and Rhodes.

Byrnes reported that the Rules Committee will meet this morning and will likely issue a closed rule for debate tomorrow on the debt ceiling increase. Ford said that the GOP Conference in the House this afternoon will smooth the way for the legislation. He expects 120 Republican votes.

RMN talked about the difficulty of reducing budget items and inquired what expenditure limitation the Appropriations Committee is likely to put upon appropriation bills. Ford said that House Republicans could not gracefully change positions on expenditure limitations which were imposed on all bills last year. He also warned that it would be more difficult for Republicans to justify supporting a second debt ceiling increase. Dirksen said that Proxmire will propose reducing the 10% surtax to 5% with a \$15 billion spending cut. Byrnes said that an overall expenditure limitation was not as desirable as a selective limitation. This is believed to be Mills's attitude. Yet, he believes that an overall limitation would be tactically useful when surtax extension is debated. Mayo said that "little ceilings" are more restrictive than an overall ceiling but did not dispute that this might be a



desirable discipline. Williams suggested that the President ask Congress specifically for an expenditure limitation. He favors a general rather than a selective limitation. He also feels the surtax will never be extended unless there is a dramatic spending cut first. Mayo called attention to the fact that even an overall limitation has little flexibility if it is punctured by specific exceptions.

RMN said that much money can be saved by personnel cuts. There are too many people in every agency. "If you let personnel grow like topsy, the programs they administer grow." He illustrated his point with the White House photographers who are no longer around. He further said that his European trip cost \$300,000 a week less than similar Presidential trips simply because he insisted upon a reduced staff.

Ford said that if the Administration expects to get Republican help in extending the surtax, it should recommend an overall expenditure limitation. Scott said that further savings can be made "by doubling up the duties" in foreign embassies and installations. RMN announced that Marshall Greene will be the new Assistant Secretary for Far Eastern Affairs, and he recalled that when Greene was Ambassador to Indonesia, he cut the staff by 75%. Cramer suggested that ranking Republican Members on legislative committees should be advised in advance of major spending cut proposals.

Blount unveiled a new plan to save money in the Post Office Department. The Johnson budget shows a \$200 million surplus in the Department account. This is achieved by subtracting \$695 million in public services, adding \$519 million in new revenues from rate increases and ignoring the \$280 million Phase III pay increase scheduled in July. He used charts to illustrate the fact that most of the Department's work is done in six hours with peak periods between



6:00 and 9:00 p.m. and between 3:00 and 6:00 a.m. If these peaks could be leveled out over a 24-hour period, great savings could be achieved. He will propose a new system including a priority mail stamp. Users would pay a premium for premium service. All other mail would be put in the deferred-handling category and handled outside the peak periods. This plan might be frustrated if the Department accepts another proposal to merge first class and air mail. For that reason, and because such a merger would work a net revenue loss, the merger is not being approved at this time.

Ford asked about rate increases on junk mail, pointing out that voters feel that they are already paying more than their share when they buy first class stamps. Blount indicated that consideration would be given to the comment.

Wilson asked if the unions would approve a proposal which would mean a large reduction in personnel. Blount said that cuts would be absorbed by attrition. The Vice President said that the union leaders are worried about the loss of dues-paying members. Ford suggested that the timing was bad and asked that an announcement be postponed until after debt ceiling legislation is disposed of.

RMN said that any man who had survived a scrape with Congress should have no difficulty grappling with the unions. Blount replied that the "Congressional barbecue" was good training. RMN said that we are going to make him a college president next. Blount replied, "There are a lot of people trying to get rid of me."

Hughes of Budget outlined the proposal to reorganize the regional field offices of the federal agencies in accordance with the paper dated March 18 attached hereto. Senator Bennett asked if the plan was to unify all agencies in each region or just to fix identical geographical jurisdiction. Hughes replied that it was the latter; that there would be



no central boss; rather, that Regional Councils would undertake to coordinate the work of all agencies within the Region; that this would be an initial step toward decentralization of responsibility and decision-making. At this point, RMN intervened to suggest that Members of Congress should promptly report the names of any regional officer who is playing partisan politics in his office. Ford recommended that any announcement about this proposal be delayed until after the Reorganization Act passes Congress today. Cramer suggested that Republican Members who will have some regional offices under the new plan should be notified in advance.

RMN raised the question of student unrest again. He invited comment around the table. He announced that he would meet later today with the Attorney General and following that meeting, would issue a press statement. Ford said that this course is right and popular; the law is already on the books to deny federal funds to student violators; that the previous Administration did not enforce the law and this Administration will. Taft said that he raised the question at a biracial meeting last week and was surprised to find that there was "no feedback." Dirksen said that this is the worst type of anti-social conduct and should be dealt with firmly. The Vice President pointed out that the practice has reached the high school and junior high school levels. Allott said that he has an 8-minute film of what happened at the University of Colorado which he would be glad to make available to the President; that he was ashamed of his alma mater because it did not deal firmly with the problem that he was convinced that the problem is more than student unrest and is "not dissimilar to the pattern in Hitler Germany." He said that Wolff, the German radical who recently walked out of a Congressional hearing, should not have been granted an American visa. Mrs. Smith said that the emphasis should be placed on the Presidents and Trustees of the colleges rather than the students themselves. Scott said that as a matter of semantics, it would be well to equate student unrest with fascism, the effort of a small minority to impose its will on the majority at the expense of the rights of the majority.



I said that pursuant to the theme Scott has suggested, the President might do well to explore with the Attorney General the possibility of applying the Interstate Anti-riot Law passed by the last Congress. The President said that this would be discussed but that the problem was the difficulty of assembling "hard evidence." He used these words after I put them in his mouth. I did not pursue the point, but I was tempted to say that this is the same answer Ramsey Clark gave whenever anyone suggested that he prosecute the more blatant leaders. Civil attorneys can afford to pick and choose the cases they try and select only those they are likely to win. Prosecutors shouldn't claim that option. If they have the evidence that convinces the reasonable mind beyond a reasonable doubt, they should prosecute and run the risk of losing a few cases. The people will respect a Justice Department which tries and fails but not one which is afraid to try.

The President adjourned the meeting at 10:15 a.m.

RICHARD H. POFF



MARCH 18, 1969

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

PRESS CONFERENCE
OF

SENATOR EVERETT MCKINLEY DIRKSEN.
AND CONGRESSMAN GERALD R. FORD

AT 10:34 A.M. EST

SENATOR DIRKSEN: Good morning, ladies and gentlemen. The first object of discussion this morning was the one bank holding. That has been bouncing around for quite some time. It is evident now, of course, that there will be legislation in this field. There is a big interest in it, both in the House and in the Senate.

To some extent it has been popularized by Congressman Patman of Texas. He has introduced a bill. I believe Senator Proxmire of Wisconsin has introduced a bill.

The Administration, of course, is very much interested. There will be a bill and the Administration will support a bill. I fancy that Senator Bennett and Sparkman will probably introduce a version that can conceivably get the support of the Administration.

It is an important thing from one economic standpoint, certainly, and that is the concentration of power in the whole economic and industrial and financial field today. It has brought a sense of apprehension and alarm in a great many quarters.

I have looked at it over a period of time, giving a little attention to it, so we can see now that there has been a rapid progressive increase in a number of bank holdings, and obviously, it is going to cry for attention one day soon.

So that is one field of endeavor in which we are sure there will be legislation in the not too distant future, and if it is the right kind of legislation, certainly it will have Administration support.

CONGRESSMAN FORD: Just to follow up on what Senator Dirksen said, there is the Patman Bill and there will be the Administration Bill in the House. In some respects, the Administration Bill is stronger than the Patman Bill and there are some technical differences between the two otherwise.

I am confident the House will pass a bill, and we will wholeheartedly endorse the Administration proposal, because we think it is strong in important areas.

MORE

(OVER)



There was another matter discussed. The President is meeting with the Attorney General and with the Secretary of HEW this afternoon on the student riot problem, and its various ramifications.

The previous Administration did not implement the legislation that the Congress provided during the last session to withhold funds from those students who are involved in campus riots. Neither did the last Administration use as effectively as we think they should, the anti-riot legislation.

But there will be this conference today and the President will have a statement later this week in reference to the overall problem. It is our general impression that these militants, small in number, are really using Facist tactics in depriving the rest of the students the opportunity to get an education.

I think the whole approach of the Administration will be aimed at this Facist group that want to deprive students of an opportunity to get an education.

SENATOR DIRKSEN: There was rather broad Leadership participation in this subject, and the discussion went around the table. The President is deeply interested and obviously so. I think there was a general feeling that the type of demonstration that is carried on to the extreme is absolutely anti-social in nature. If it is criminal, of course there are criminal statutes to deal with it. Whether it is in the category of a misdemeanor or a felony, in any event it is crime.

But in so many cases, it is anti-social conduct, and there has to be a deterrent for it. Now what is the deterrent? Perhaps the withholding of these loans or denying forbearance on these loans, or any other economic weapon that maybe available in order to deter this action in the extreme.

So the President has been discussing it with a number of people, and he will be prepared to say something on this subject a little later.

CONGRESSMAN FORD: We also discussed the ABM proposal by the President, and there was overwhelming support on behalf of the Leadership for the President's program. I can say from my travels in Michigan over the weekend that the public reaction generally, as far as I could detect, was favorable to the President's recommendation.

SENATOR DIRKSEN: I think we ought to recognize the fact that this morning there seemed to be virtual unanimity on the ABM. There may be an exception or two, but virtually there was a unanimous attitude in support of the President's position.

I know there has been a tendency to raise the question as to whether there will be a battle in the Senate. Obviously it will be widely discussed, but when you think in terms of a battle, I am not so sure it will be a battle, because the argument is going to be pretty substantial in behalf of this proposal.



CONGRESSMAN FORD: In light of the fact that tomorrow the House will consider the debt limitation legislation, we discussed in considerable depth the viewpoint of the Administration in reference to the fiscal situation. The Director of the Bureau of the Budget was present. He pointed out that they are working on specific reduction in various departments.

There is the distinct possibility that we will have an overall ceiling on expenditures which will be very, very helpful and beneficial in convincing the American people that the Administration really means what it says when they talk about trying to extricate us from the serious financial problem we are in and the inflationary impact of runaway Federal budget problems.

SENATOR DIRKSEN: One can hardly talk about the public debt without thinking of the corollary things that go with it. For instance, that means expenditure; it means the overall budget; it means whether there will be a surplus or a deficit.

So this whole matter was rather widely discussed this morning. Obviously there is going to be a search for economies wherever they can be made. It will be reasonably selective, and on the other hand, you hope it will be substantial.

The President is receiving the full cooperation of every department head and every agency head in this field. You have to have cooperation in order to get it done.

In addition thereto, there has to be a cooperative spirit on the part of Congress, because we undertook this in the predecessor Administration when we passed that Financial Reform Act, including a \$6 billion expenditure cut, plus the surtax.

Now both of these will be coming up again, so what can you exorcise out of the budget? There you have the Budget Director at your elbow, and I pretend no figure this morning to indicate whether it will be "X" bill or "Y" bill or "Z" bill, because it is just a little too early, and besides the Appropriations Committee of the House, where these bill start, is only now beginning to get its teeth into it.

But the whole economy issue will certainly not be lost, and we will have virgorous attention not only on Capitol Hill, but in the Executive branch and with the departments.

O Congressman Ford, can I ask you about your statement on the past Administration's failure to use the laws? Can we infer properly from this, that the current Administration is not considering further laws to curb student excesses on the campus?

CONGRESSMAN FORD: I would not preclude additional legislation, but we now have statutes which can be used; one referring to the Department of HEW and the other referring to the Attorney General. For that reason the President is meeting with both, and I think you will find in the President's message this week some real action in both areas.



O When will the Administration's legislation on one bank holding companies be introduced?

CONGRESSMAN FORD: I think it will be made available for the Committee sometime this week.

O Mr. Ford, the previous Administration took the position, I believe, that the legislation written providing that you could deny funds to a student convicted of some misdemeanor, would not hold up. Are you satisfied that it would not work?

CONGRESSMAN FORD: I think the legislation passed by Congress will work, but you have to have a will in the Executive Branch to make it work. I think this Administration has the will and if there is any need for modification or change in the law, the Administration will ask for that authority.

SENATOR DIRKSEN: I have no reaction that the previous Administration ever said it would not work. First of all, you are on good legal ground. This is a benefit issued out of the Federal Treasury, and then the Congress and Executive comes into play, so there is no question about the right to do it if we want to.

I think they were timid in the previous Administration in not quite putting their hearts into it, but it has to be done, and this Administration is going to deal with it.

O I thought Secretary Cohen had taken the position that it would not do the job.

SENATOR DIRKSEN: Secretary Cohen is just one. I don't know how much of an exploration he made about it, but we undertook to point out that we were for it, and did make that case up on the floor and in the Finance Committee.

O At the economic discussion this morning, was it the consensus of the Leadership that the surtax must be extended?

CONGRESSMAN FORD: There was no specific discussion on this point. The emphasis was that the Administration was going to work with the economy block in the Congress to try to reduce expenditures; one, so that we could justify the debt limination, and two, increase the Administration's efforts against the inflationary impact we are faced with right now.

SENATOR DIRKSEN: I will give you a personal reason for it, without attributing it to anybody else. If the surtax yields between \$10 billion and \$11 billion, and you let it die, then there is a \$10 billion or \$11 billion hole in the receipt of the Administration, so how are you going to fill up that hole unless you find \$10 billion that you can delete from the budget to even break even, let alone be thinking in terms of a surplus.

So it speaks for itself, and if I were speaking for myself, you could not throw it overboard unless you find that money elsewhere.



O Do you think there is a chance of doing that?

SENATOR DIRKSEN: Of throwing it overboard?

O Yes.

SENATOR DIRKSEN: Let me answer as a member of the Senate Finance Committee. If you leave it to me, we will keep the surtax.

O There have been suggestions that that \$10 billion or \$11 billion could be obtained through raising tax reforms.

SENATOR DIRKSEN: There has been sort of amorphous terms assigned here as tax reforms covering a great many things. But as you know, tax reforms are very, very slow, and sometimes when they talk about tax reform, they put it in the frame of two or three years. You are dealing here with an instant budget for a fiscal year that will begin on the first of July, and perhaps you cannot await the reform process. You have to have something in the duke. It has to be good, hard information about that budget, and of course, that will be available.

O Congressman Ford, you mentioned a distinct possibility, in your words, of another expenditure ceiling in the coming year. Do you have in mind that the Administration might propose an expenditure ceiling or that the Congress might impose one on its own?

CONGRESSMAN FORD: It was discussed from both angles and it was not decided whether the Administration would recommend one or whether we, representing the Administration in the House, would seek to impose one, but it was pointed out that there are some benefits from an overall ceiling rather than having individual expenditure ceilings on each and every Appropriation Bill as they go through the House.

I think there is a very good argument that can be made for a ceiling. I happen to personally prefer the overall rather than the individual on each Appropriation Bill, but no decision was made as to which avenue or which approach would be made.

O How many billions do you have in mind? Do you have any approximation?

CONGRESSMAN FORD: No specific figure was discussed. I think there was a high degree of unanimity that it ought to be a figure of somewhat less than that recommended in the January budget, but I would not tie anybody to a specific figure at this time.

O Would the one bank holding company bill go up as a Presidential message?

SENATOR DIRKSEN: Let us say that it would go up as an Administration proposal, or Administration support, but it could be either way, and I don't know if that is too material, because of the importance of the subject.

THE PRESS: Thank you.



PERIOD - March 11 to March 17, 1969 (inclusive)

HOUSE ACTION

Wed. March 12 - Funds for Standing House Committees

By voice vote the House approved funds for 13 committees as follows:
Rules, Veterans' Affairs, Armed Services, Interior and Insular Affairs,
Judiciary, Merchant Marine and Fisheries, District of Columbia, Agriculture,
Ways and Means, Standards of Official Conduct, Select Committee on Small
Business, Science and Astronautics, Foreign Affairs.

Wed. March 12 - International Development Association

The House passed by roll call vote, 247 yeas to 150 nays, H.R. 33 to provide for increased participation by the United States in the International Development Association from \$312 million to \$480 million.

Prior to passage a motion to recommit was rejected by a roll call vote, 241 nays to 155 yeas.

Thurs. March 13 - Investigative Authority

The House by voice vote adopted resolutions giving the following standing committees investigative authority for the 91st Congress: Post Office and Civil Service, Government Operations.

Thurs. March 13 - Lumber Cost Investigation

The House agreed to H. Res. 306, to authorize the Committee on Banking and Currency to conduct an investigation and study of prices of lumber and plywood.

Thurs. March 13 - Parking Committee

The House agreed to H. Res 282, to create a select committee to regulate parking on the House side of the Capitol.

Mon. March 17 - Consent Calendar (One Bill)

H. R. 4297 - Providing \$350 thousand and extending for one year the National Commission on Reform of Federal Criminals Laws



PROGRAM AHEAD

Tuesday - Suspensions (5 Bills)

- S. 1058 - To extend the period within which the President may transmit to the Congress plans for reorganization of agencies of the Executive Branch of the Government.
- H. R. 7206 - Salary Adjustment for Vice President and certain officers of Congress.
- H. R. 2669 - To amend the War Claims Act of 1948 with respect to claims of certain nonprofit organizations.
- H. R. 2171 - Relating to National Observances and Holidays.
- H. R. 8438 - To extend the time for filing final reports under the Correctional Rehabilitation Study Act of 1965 until July 31, 1969.

Wednesday and balance of week

- H. R. 8508 - Establish limitation on National Debt (Subject to rule being granted)
- H. R. 515 - To amend the National School Lunch Act and the Child Nutrition Act of 1966 (Subject to a rule being granted)



Agenda for WH meeting Mar 18



Cramer - (1) Water Poll Control
in Committee
this week

(GPF) ought to
have another
standing members
meeting - last
one

Financing not
covered in bill

Week of
~~Apr~~
Mar 31

(2) Environmental
fill-in

EDA - Appalachia
coming up right
after recess
✓ Republican substitute
Model Countryside

(3) Reaction ABM

(4) Budget Review*
clausen & Harsha
reordering priorities
similar efforts in
other committees
Supplementals & '70

(5) Pace of Legis Program

Guest



S1058 (Reorg.)



Taft: 1. Labor Court idea
(Pres endorsing Cuffin
bill)

2. SST financing
(vital to my district)

3. Space financing

Smith: 1. Appointments

Wilson

1. Need for National
Oceanographic Agency

Ford

1. Merchant Marine Program
Adm. Wilson
Maritime

2. Student sisters - NEW Justice



Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT
ON BANK HOLD COMPANIES

The Secretary of the Treasury, with my approval, has today transmitted to the Congress proposed legislation on the further regulation of bank holding companies.

Legislation in this area is important because there has been a disturbing trend in the past year toward erosion of the traditional separation of powers between the suppliers of money -- the banks -- and the users of money -- commerce and industry.

Left unchecked, the trend toward the combining of banking and business could lead to the formation of a relatively small number of power centers dominating the American economy. This must not be permitted to happen; it would be bad for banking, bad for business, and bad for borrowers and consumers.

The strength of our economic system is rooted in diversity and free competition; the strength of our banking system depends largely on its independence. Banking must not dominate commerce or be dominated by it.

To protect competition and the separation of economic powers, I strongly endorse the extension of Federal regulation to one-bank holding companies and urge the Congress to take prompt and appropriate action.

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Office of the White House Press Secretary

THE WHITE HOUSESTATEMENT BY THE PRESIDENT
ON RESTRUCTURING OF GOVERN-
MENT SERVICE SYSTEMS

The Reorganization Act which the Congress has passed and which I am signing today gives the President important tools in his effort to make the machinery of government work more effectively. As a part of that same effort, I am announcing today certain structural changes which I am making in the systems through which the government provides important social and economic services.

It was possible for me to take these particular actions without the authority extended under the Reorganization Act. I announce them at this time, however, because they provide specific illustrations of ways in which we can make significant improvement in the quality of government by making it operate more efficiently.

This restructuring expresses my concern that we make much greater progress in our struggle against social problems. The best way to facilitate such progress, I believe, is not by adding massively to the burdens which government already bears but rather by finding better ways to perform the work of the government.

That work is not finished when a law is passed, nor is it accomplished when an agency in Washington is assigned to administer new legislation. These are only preliminary steps; in the end the real work is done by the men who implement the law in the field.

The performance of the men in the field, however, is directly linked to the administrative structures and procedures within which they work. It is here that the government's effectiveness too often is undermined. The organization of federal services has often grown up piece-meal -- creating gaps in some areas, duplications in others, and general inefficiencies across the country. Each agency, for example, has its own set of regional offices and regional boundaries; if a director of one operation is to meet with his counterpart in another branch of the government, he often must make an airplane trip to see him. Or consider two federal officials who work together on poverty problems in the same neighborhood, but who work for different Departments and, therefore, find themselves in two different administrative regions, reporting to headquarters in two widely separated cities.

Coordination cannot flourish under conditions such as that. Yet without real coordination, intelligent and efficient government is impossible; money and time are wasted and important goals are compromised.

This is why I said in the campaign last fall that "the need is not to dismantle government but to modernize it." The systematic reforms I announce today are designed to help in that modernization process. I would discuss those reforms under three headings: rationalization, coordination and decentralization. It should be recognized, of course, that the three elements are interdependent. Without one the others would be meaningless.

MORE



I. The first concern is to rationalize the way our service delivery systems are organized. I have therefore issued a directive which streamlines the field operations of five agencies by establishing -- for the first time -- common regional boundaries and regional office locations. This instruction affects the Department of Labor, the Department of Health, Education and Welfare, the Department of Housing and Urban Development, the Office of Economic Opportunity, and the Small Business Administration. The activities of these agencies -- particularly in serving disadvantaged areas of our society -- are closely related. Uniform boundaries and regional office locations will help assure that they are also closely coordinated.

The eight new regions and the locations of the new regional centers are as follows:

Region I (Boston) - Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont

Region II (New York City) - New York, New Jersey, Puerto Rico, and the Virgin Islands

Region III (Philadelphia) - Delaware, District of Columbia, Kentucky, Maryland, North Carolina, Pennsylvania, Virginia, and West Virginia

Region IV (Atlanta) - Alabama, Florida, Georgia, Mississippi, South Carolina, and Tennessee

Region V (Chicago) - Illinois, Indiana, Minnesota, Michigan, Ohio, and Wisconsin

Region VI (Dallas - Forth Worth) - Arkansas, Louisiana, New Mexico, Oklahoma, and Texas

Region VII (Denver) - Colorado, Idaho, Iowa, Kansas, Missouri, Montana, Nebraska, North Dakota, South Dakota, Utah, and Wyoming

Region VIII (San Francisco) - Alaska, Arizona, California, Guam, Hawaii, Nevada, Oregon, and Washington

I am asking all other federal agencies to take note of these instructions, and I am requesting that any changes in their field organization structures be made consistent with our ultimate goal: uniform boundaries and field office locations for all social or economic programs requiring interagency or intergovernmental coordination.

My directive also asks that the five Departments and agencies involved provide high-level representation in cities where regional offices do not exist. Such physical relocations as are required will be made over the next eighteen months, with special efforts to minimize disruptions to the programs, the employees, and the communities involved.

II. The second step in this reform process emphasizes coordination. It calls for an expansion of the regional council concept from the four cities where it presently operates (Chicago, New York, Atlanta, and San Francisco) to all eight of the new regional centers. The regional council is a coordinating body on which each of the involved agencies is represented. It offers an excellent means through which the various arms of the federal government can work closely together in defining problems, devising strategies to meet them, eliminating friction and duplications, and evaluating results. Such councils can make it possible for the Federal government to speak consistently and with a single voice in its dealings with states and localities, with private organizations, and with the public.



III. The third phase of this systematic restructuring of domestic programs focuses on decentralization. I am asking the Director of the Bureau of the Budget to join with the heads of nine departments and agencies in a review of existing relationships between centralized authorities and their field operations. Participating in the review will be the Departments of Agriculture; Commerce; Health, Education and Welfare; Housing and Urban Development; Labor; Transportation; Justice; the Office of Economic Opportunity; and the Small Business Administration.

This review is designed to produce specific recommendations as to how each agency: (1) can eliminate unnecessary steps in the delegation process; (2) can develop organizational forms and administrative practices which will mesh more closely with those of all other Departments; and (3) can give more day-by-day authority to those who are at lower levels in the administrative hierarchy. Decentralized decision-making will make for better and quicker decisions-- it will also increase cooperation and coordination between the Federal government on the one hand and the states and localities on the other. Those Federal employees who deal every day with state and local officials will be given greater decision-making responsibility.

Again, this action is a concrete manifestation of a concern I expressed during the campaign: "Business learned long ago that decentralization was a means to better performance. It's time government learned the same lesson."

Some of the reforms which I am announcing today have been urged for many years -- but again and again they have been thwarted. This inertia must be overcome. Old procedures that are inefficient, however comfortable and familiar they may seem, must be exchanged for new systems which do the job as it must be done.

The particular reforms I have discussed here are part of a broad and continuing process of restructuring the basic service systems of government. The reorganization of the Manpower Administration in the Department of Labor -- announced on March 13 -- is another example of this process. So are the reforms which are being made in the postal system and in the Office of Economic Opportunity.

I have established both the Urban Affairs Council and the Office of Intergovernmental Relations in part so that the government could be better advised on additional improvements in service systems. Further systematic restructuring is on the way. Each reform, I believe, will have a major impact on the quality of American government -- an impact which will benefit all of our citizens -- in all parts of our country -- well beyond the lifetime of this Administration.

The Federal government has been assigned many new responsibilities in the last several decades -- many of which it carries and many of which it fumbles. Many of the disappointments and frustrations of the last several years can be blamed on the fact that administrative performance has not kept pace with legislative promise.

This situation must be changed. The actions I announce today are important steps toward achieving such changes. By rationalizing, coordinating, and decentralizing the systems through which government provides important social and economic services, we can begin at last to realize the hopes and dreams of those who created them.

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