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THE WHITE HOUSE

WASHINGTON

March 8, 1975

MEMORANDUM FOR THE PRESIDENT

FROM : JIM CANNON *JWC*
SUBJECT : Consumer/Regulatory Reform Message

At your meeting last week with Virginia Knauer to discuss consumer issues, you directed that she and Bill Baroody work with us in developing options for a possible special message on consumer initiatives and regulatory reform. The following paper presents those options for your decision.

SUMMARY

The proposals that follow have been put together with the objective of providing options for a total package that would serve as a strong Administration alternative to Consumer Protection Agency (CPA) legislation.

Virginia Knauer says that your message could be an opportunity for you to reassert your leadership in the consumer area and highlight what you have already done and are doing for consumers.

The 24 options attached fall into two categories:

- 1) Consumer oriented proposals, e.g.,
 - a) To strengthen the present Office of Consumer Affairs,
 - b) To improve present procedures for determining food and drug safety.
- 2) Regulatory reform proposals, including
 - a) Surface transportation,
 - b) Air transportation,
 - c) Financial institutions,
 - d) Robinson-Patman Act,
 - e) Repeal of Federal laws allowing "fair trade" laws.



Should you decide to go with all or part of this package, we can be ready to send your message to the Hill next week.

The Senate held their last day of hearings on the CPA bill yesterday, and we feel it is important to offer an Administration alternative before the Senate Committee completes its mark-up.



OPTIONS

1. Consumer Representation Act of 1975

At your meeting with Mrs. Knauer you said you would consider her proposal to expand the present Office of Consumer Affairs as an alternative to Administration support of a CPA. The Consumer Representation Act of 1975 would do that in two ways. Title I would statutorily create an Office of Consumer Affairs within the Executive Office of the President. Title II would statutorily establish within each independent agency and executive department an Office of Consumer Representation.

Title I: Statutory establishment of an Office of Consumer Affairs within the Executive Office of the President.

An expanded version of Mrs. Knauer's present office, this agency would perform most of the amicus type functions outlined in the Brown CPA bill. In addition, it would publish a Consumer Register, coordinate the activities of the consumer offices established by Title II in other agencies, and transmit consumer complaints to the appropriate Federal agencies.

On an interim basis, the existing office could be expanded by Executive Order. This would entail a staff increase of 35 and an FY'76 budget increase of \$1.5 million.

Pro: In conjunction with the separate Offices of Consumer Representation, would permit the Office of Consumer Affairs (OCA) to more effectively carry out its duties, and would command strong support from Mrs. Knauer, many consumerists, and business as an alternative to CPA legislation.

Con: Would be a new spending program. Goes against Administration policy of not creating special interest offices in the Executive Office of the President. Also, could run the risk this would not stop CPA legislation, and we could end up with both this office and a CPA.

Decision

- ☐ Pro (Knauer, Baroody, CEA, Marsh, Lazarus)
- ☐ Con (OMB, Seidman, Cannon: would prefer it established by Executive Order)
- ☒ Hold for further study and consideration

Title II: Statutory establishment of an Office of Consumer Representation within each independent agency and executive department.

These offices, similar to the CAB Consumer Advocate, would have the authority to participate in agency proceedings in the same manner as a private party. Their authority would be granted by agency regulations, with the head of each agency having the responsibility for determining the role of its office. Among their responsibilities, the new offices would ensure that consumer benefit data be considered in the agency decision making process. Finally, they would operate in coordination with the expanded Office of Consumer Affairs.

Pro: Combined with an expanded, amicus OCA, these consumer offices could provide a viable Administration alternative to a CPA. Could provide visible proof of the President's consumer commitment.

Con: Could require sizable increased spending to provide necessary staff. Could have the effect of relieving agency operational units of considering the public interest and risk that the consumer offices be "captured" by vested interests. Same undesirable effects as the previous issue.

Decision

_____ Pro (Marsh, Seidman, Knauer, Baroody,
Lazarus)

_____ Con (OMB, CEA, Cannon)

_____ Hold for further consideration

*Now have a committee up
in most departments*

2. Consumer Benefit Analysis

Each executive department and independent agency would be responsible for preparing a Consumer Benefit Analysis setting forth the direct and indirect cost and benefits to consumers of proposed legislation and regulations. The consumer representative in each agency would be responsible for seeing that it be considered in decision making.

Pro: Could receive wide political support and be an adjunct to the Inflation Impact Statement.

Con: Could be expensive and could be considered already adequately covered in the Inflation Impact Statement.

Decision

_____ Pro (Marsh, Seidman, Knauer, Baroody, Lazarus)

_____ Con (OMB, CEA)

_____ Hold for further consideration

*We now have by Consumer
Impact Statement*

3. Regulatory Reform Commission

11
Remember
personally

Not only would the Administration continue its support for a Regulatory Reform Commission, but also we would expand its mandate to include semi-autonomous agencies, bureaus and departments with regulatory functions. Also, the Commission could be charged with examining agency responsiveness to consumer interests, giving a further reason why a CPA should not be established until the Commission's work is completed.

The Commission proposal would be supplemented by specific regulatory reform proposals you are making in this message.

Pro: Would strengthen both your consumer and regulatory reform programs by linking the two in this manner.

Con: With your specific proposals a Commission could be no longer necessary and could be viewed as an excuse for delay of further reforms.

Decision

_____ Pro (Marsh, Seidman, CEA, OMB, Knauer, Baroody, Lazarus)

_____ Con

_____ Hold for further consideration

4. Reform of Surface Transportation Regulation

ICC rules and regulations to regulate competition annually cost the consumer an estimated \$4-10 billion. As the result of a four month interagency task force effort, detailed legislative proposals to modify ICC pricing practices, liberalize market entry, exit and licensing restrictions, and eliminate antitrust immunities for both rail and trucking will be ready for submission to Congress by the end of the month.

Pro: Inclusion in this message would cast the issue as a consumer problem, taking transportation regulatory reform out of its normally special interest forum.

Con: Could receive opposition from truckers and teamsters and have some political cost.

Decision

✓ Pro (Marsh, Seidman, OMB, CEA, Baroody, Knauer, Lazarus)

 Con

 Hold for further study



5. Air Transportation Regulatory Reform

An Administration task force is currently developing specific legislative reforms to liberalize both CAB pricing practices and entry/exit restrictions and end antitrust immunities for the airline industry. The Administration has already testified on this before the Kennedy subcommittee and indicated that reform legislation would be forthcoming.

Pro: This issue is receiving considerable press attention and inclusion in the message could put the President out in front on this.

Con: Airlines will object to this reform.

Decision

☒ Pro (Marsh, Seidman, CEA, OMB, Knauer, Baroody, Lazarus)

☐ Con

☐ Hold for further consideration

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on a
good
law

6. Financial Institutions Act

The Administration is on the verge of resubmitting legislation seeking to remove outdated constraints on the services and rates which banks and savings institutions may offer. Not only would such action benefit the financial institutions and provide much needed credit, it would also give the average consumer a better opportunity to earn an honest return on his savings investment.

Pro: In the current economy, increased savings dividends would be popular with consumers.

Con: This is not a new legislative initiative.

Decision

☒ Pro (Marsh, Seidman, CEA, OMB, Baroody, Knauer, Lazarus)

☐ Con

☐ Hold for further study

7. Announce Legislation to be Submitted to Reform the Robinson-Patman Act

Like "fair trade" laws, the 1936 Robinson-Patman Act denies consumers the benefit of stiff competition in stores by making it difficult for producers to give price breaks they might otherwise offer. Legislation to be proposed by Justice will suggest revisions which preserve a special remedy against anti-competitive price discriminations while eliminating language and interpretations which discourage legitimate price competition. The existing law is patently anti-competitive and anti-consumer. Economists, lawyers, and two Presidential Commissions, are in broad agreement that a thorough revision of the Act is needed.

Pro: Could be seen as pro-consumer action on the part of the President and an example of Presidential leadership in reducing consumer costs.

Con: The proponents of Robinson-Patman will fight any modification of the Act on the grounds that it helps small businesses compete against the advantages of large firms.

Decision

☒ Pro (Seidman, CEA, Knauer, Baroody, Lazarus)

☐ Con

☐ Hold for further consideration (Marsh, OMB)

Symbol
of anti-
trust
legislation
by
Dug

8. Provide for Easier Deviation from Food Standards in
Order to Develop New Foods

Legislation would be submitted to amend the Federal Food, Drug, and Cosmetic Act to encourage the marketing of new foods. The issuance of temporary permits to deviate from an accepted food labeling standard would be authorized while public acceptance of the new product is being evaluated.

Pro: Could encourage further development of new, less expensive food products.

Con: Administrative authority already exists for FDA to issue temporary deviation permits. Also, this could be interpreted by consumers as encouraging misleading food marketing.

Decision

_____ Pro (CEA, Knauer, Baroody)

_____ Con (OMB, Lazarus)

☒ Hold for further consideration (Marsh)

Should not open law

9. Establish Intergovernmental Task Force on State and Local Regulatory Reform ~~Leading to a White House Conference~~

Following the President's October 8 call for a review of State and local regulation and restrictive practices, there has been considerable interest expressed by State and local governments on the types of actions they might take to remove such practices. In the message you could (1) highlight priority areas of concern (i.e. public utility regulation, occupational licensure, etc).; (2) set in motion an Intergovernmental Task Force including State and local officials; (3) announce a willingness to provide a forum for the discussion of these issues and the exchange of information. The latter could be a White House Conference.

Pro: Indicates a cooperative concern to work with State and local officials on this important issue.

Con: Could be inconsistent with allowing States and localities to exercise their own priorities and with your December 4 letter to those officials.

Decision

☒ Pro (Marsh, CEA, Knauer, Baroody, Lazarus, OMB:
Federal cooperation but not in a task force
or White House Conference

☐ Con

☐ Hold for further study



10. Announce Administration Support for Special Senate Committee on Regulatory Reform

The Senate has action underway to create a joint Commerce-Government Operations Committee to review Government regulation over a one and a half year period. This body could prove a useful vehicle for airing a number of difficult regulatory issues.

Pro: Permits the President to state that such a group should be a vehicle for change not an excuse for inaction.

Con: Could undermine Administration support for a Regulatory Review Commission. Also, there is a real chance this committee could delay indefinitely consideration of reforms.

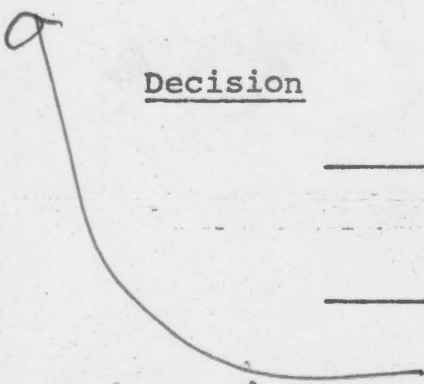
Decision

_____ Pro (Seidman, Knauer, OMB: pending establishment of the Review Commission)

_____ Con (CEA, Lazarus)

_____ Hold for further consideration (Marsh, Baroody)

*ask
over for
the
can
unbrid*



11. Propose Legislation to Streamline Hearing Procedures
Under the Federal Food, Drug, and Cosmetic Act

The Administration could submit legislation to amend the Federal Food, Drug, and Cosmetic Act so that the hearing process is accelerated. In some cases hearings can now drag on for years.

Pro: These prolonged hearings have been criticized by the Administrative Conference of the U.S. and such a proposal would be popular with consumers

Con: Could be too insignificant an issue for inclusion.

Decision

☒ Pro (OMB: the specifics must be identified by HEW first; Marsh; Seidman; CEA; Baroody; Krauer; Lazarus)

☐ Con

☐ Hold for further consideration

used a month



12. Repeal Federal Law Allowing for State Resale Price Maintenance Laws (with fair trade laws)

This proposal would reiterate the Administration's support for Senator Brooke's bill to repeal the Miller-Tydings Act (1937) and the McGuire Act (1952). Generally known as the Resale Price Maintenance Laws or "fair trade" laws, these acts allow a manufacturer to enter into a contract with one buyer at a set price and then allow that agreement to be binding on all other retailers who sell the product in that State. While it has been argued that these laws keep predatory retailers from drawing more than their share of the market by "undercutting" other businesses, in reality the laws have allowed manufacturers to set their prices at an artificially high level. The elimination of these laws should save the consumer between \$1.5 and \$3 billion a year.

Pro: Would be action strongly approved by consumers.

Con: Would be a restatement of earlier Presidential support. Also, because of pending action in many States it could more appropriately be a State issue.

Decision

☒ Pro (Marsh, Seidman, CEA, OMB, Baroody, Knauer, Lazarus)

☐ Con

☐ Hold for further consideration

Alinsky *m. Uvill*



13. Submit Legislation to Prohibit Pyramid Sales Transactions

The Administration could announce its support for legislation that would provide for the prohibition of pyramid sales transactions (transactions in which the incentive for the buyer of a distributorship is the prospect of monetary gain from the sale of further distributorships) in interstate or foreign commerce or by use of the mails. The SEC would be given regulatory authority to carry out the act.

Pro: Would show the Administration as willing to take action to protect the consumer from schemes such as Koscot, Dare To Be Great, and Holiday Magic.

Con: Could be seen as a regulatory measure in an essentially deregulatory message.

Decision

 Pro (Seidman, CEA, Knauer, Baroody, OMB, Lazarus)

 Con

 7 Hold for further consideration (Marsh)

some say. Action -
Antony Jones

14. Announce Decision on Auto No-Fault Legislation

A Presidential decision paper is being prepared on the no-fault issue. If you should change your position on this, the consumer message would be an appropriate time to announce it.

Pro: No-fault is a major consumer issue and a new position would be favorably received in a consumer message.

Con: Considerable opposition to Federal no-fault remains. Many see it as Federal encroachment upon individual choice and State responsibilities.

Decision

_____ Pro (Seidman, CEA, Knauer, OMB)

_____ Con (Marsh)

1 Hold for further consideration (Baroody, Lazarus)

New Am. Gas.

& New Sec. Trans.

} Knauer

(23) ?

15. Announce a Review of Antitrust Immunities to be Completed in Ninety Days

*Get
John
Bulger's
views
on this
one*

In response to an Economic Policy Board request, a task force has been set up in the Executive Branch under the lead of the Justice Department, to review antitrust exemptions in a number of areas. Although specific legislative proposals other than modification of antitrust immunity in air and surface regulation and repeal of the fair trade laws will not be made at this time, the Consumer Message could announce that such antitrust immunities are under review and that further legislative proposals may be forthcoming.

Pro: Would be seen as pro-consumer Presidential leadership in trying to remove exemptions to antitrust actions and reliance on free competition and the marketplace.

Con: Could be seen as just another study.

Decision

✓
_____ Pro (Baroody, Knauer, Marsh, Seidman, CEA, OMB, Lazarus)

_____ Con

_____ Hold for further consideration



16. Announce Intention to Veto Any Legislation Which Unnecessarily Raises Prices to the Consumer or Restricts Production

An appropriate statement could be made of your intention to carefully review legislation and veto any which would result in unnecessary price increases. Your veto of the Cargo Preference legislation last year could be given as an example of your commitment to this policy.

Pro: Would be example of your commitment to protect the interests of consumers.

Con: Could have difficulty agreeing with public on which price increases are necessary and which are unnecessary. Impact on consumers is already a consideration in approving legislation.

Decision

✓ Pro (Seidman, CEA, Baroody, Knauer, OMB: express strong Presidential disapproval of but not veto

 Con (Lazarus

 Hold for further consideration (Marsh

17. Propose Changes in the Federal Reporting Act and Federal Register to Give the Public Better Notice and Clearer Understanding of Proposed Federal Decisions

The Administration could submit legislation to modify the Federal Reports Act to encourage Federal consumer protection agencies to obtain better survey and marketing data before proposing (or denying) complex regulatory schemes. The legislation would provide for public (consumer) representation in form and survey review by OMB and encourage public representatives to identify needed survey areas. It would also create a public (including media) advisory board to the Director of the Federal Register and give the Director new authority to make the Federal Register a better working and source document.

Pro: Would have pro-consumer endorsement as making rule-making policy more visible.

Con: OMB already has a procedure for soliciting public comment. Also, the purpose of these changes has been addressed in the Inflation Impact Statement's policy.

Decision

_____ Pro (Marsh, Seidman, Baroody, Knauer)

_____ Con (Lazarus)

☒ Hold for further consideration (CEA, OMB)



18. Prohibit States and Localities from not Permitting
the Advertising of Prescription Drug Prices

The Administration would submit legislation that would prohibit States and localities from enacting or enforcing any law or regulation which would prohibit or inhibit the posting of prices of prescription drugs.

Pro: Would allow consumers to comparison shop for prescription drugs.

Con: Such Federal dictation of State and local laws could be condemned as heavy handed.

Decision

_____ Pro (Marsh, Seidman, CEA, Baroody, Knauer

_____ Con (Lazarus

_____ Hold for further consideration (OMB: the details of how this would be enforced are critical

Put in No 9 Task Force

19. Make Note of the National Appliance and Motor Vehicle
Energy Labeling Act of 1975

*Bill
sent
up*

The National Appliance and Motor Vehicle Energy Labeling Act of 1975 is Title XII of the Administration's Energy Independence Act of 1975. It would authorize the President to require energy efficiency labels on all new major appliances and motor vehicles. This would ensure that consumers are fully apprised of the efficiency of various appliances and motor vehicles and would encourage the manufacture and greater utilization of more efficient products.

Pro: This would demonstrate consumer awareness in our energy program.

Con: Could be criticized as unwarranted Federal Government intervention into the private sector. Would increase costs to consumers.

Decision

_____ Pro (Marsh, Seidman, Baroody, Knauer, Lazarus)

_____ Con (CEA, OMB)

_____ Hold for further consideration

20. Resubmit Drug Identification Act

HEW is preparing to resubmit the Drug Identification Act which would establish a code system for the identification of prescription drugs. Labeling and direct product coding would allow quick identification of drugs in emergencies, and would facilitate prompt medical treatment. This legislation has been pending since at least 1969.

Pro: Would be seen as a pro-consumer initiative.

Con: Could be of some cost to the private sector.

Decision

7

✓

Pro (Seidman, Knauer, OMB, Lazarus

Con

Hold for further consideration (Marsh, CEA, Baroody



21. Note that the Administration Plans to Resubmit Medical Devices Legislation

The Administration supported legislation submitted to the 93rd Congress that would have allowed FDA to regulate medical devices. Current law does not require manufacturers of medical devices to establish the safety or efficacy of their products before marketing. HEW is planning to resubmit the Administration's bill to this Congress.

Pro: Could be packaged in message as a consumer protection measure.

Con: Could be interpreted as a regulatory measure and out of place in a deregulatory message. Could result in increased costs to consumers.

Decision

_____ Pro (Seidman, Knauer)

✓ _____ Con (Marsh, CEA, Lazarus)

_____ Hold for further consideration (Baroody, OMB)

22. Propose Legislation Aimed at Product Testing in the Private Sector -- A Consumer Product Test Methods Act such as Has Been Supported by the National Bureau of Standards

Legislation could be proposed which would allow products to be identified and measured against tests and standards developed by the National Bureau of Standards. The products could be labeled and advertised accordingly, providing the consumer with an additional purchasing tool and the advertiser with a national and objective basis for product comparisons.

Pro: Could stimulate greater price and quality competition, improved product efficiency, and better value comparisons by consumers in the sale of consumer durables.

Con: Could be seen as unwarranted Federal intervention into the private sector; could also have a substantial inflationary impact on the products tested.

Decision

_____ Pro (Seidman, CEA, Knauer)

✓ _____ Con (Marsh, OMB, Baroody, Lazarus)

_____ Hold for further consideration

23. Improved Quality Grading Systems of Packaged Food

Direct the Special Assistant to the President for Consumer Affairs to develop a task force with USDA, FDA, and Commerce which would recommend harmonization of grade-labeling systems for packaged and canned fruits, vegetables, jams, meats, poultry, etc. This would be a measure to facilitate consumers value comparison.

Pro: Would be a pro-consumer initiative.

Con: Could be seen as another study.

Decision

 Pro (Marsh, Seidman, Knauer, CEA, Baroody, Lazarus)

 Con

 Hold for further consideration (OMB: the specific and costs must be identified)

*Let's look into it
for more items on shelf*

24. Improve the System for Disseminating Product Recall and Hazardous Information and Follow-up

not
Aloudies

Concern has been expressed both in the media and in Congress that sufficient product recall information is not getting to the affected consumer. In addition, business is worried that massive paid advertising campaigns might be required. You could direct Mrs. Knauer to chair a task force of the affected agencies such as FDA, the Consumer Product Safety Commission, Transportation, and Agriculture that would explore options for improving recall efforts and to report their findings to you.

Pro: Could be seen as an effort to solve this problem for both consumers and business.

Con: Could be interpreted as another ineffective study.

Decision

☒ Pro (Marsh, Knauer, Seidman, CEA, Baroody, Lazarus)

☐ Con

☐ Hold for further consideration (OMB: anticipated benefits must be identified)

CONCLUSION

Should you feel that there are an acceptable number of items in this package, we will proceed to work with the appropriate agencies in the development of a special message.

DECISION: Draft special message

Approve

Disapprove

Talk to Bud Brown

*Planned them one
Pomr common
response is
legislation upon*

*would help a
wrtg
hurt*

(F)
*Letter to
Whitaker
woman chairman
Why Bell
promises
is to do
it up. This
office & Branch*

THE WHITE HOUSE

WASHINGTON

MEETING ON CONSUMER PROTECTION

Tuesday, March 11, 1975

5:30 p.m. (30 minutes)

The Oval Office

From: Jim Cannon

I. PURPOSE

To discuss options on consumer/regulatory reform.

II. BACKGROUND, PARTICIPANTS, PRESS PLAN

A. Background: During your meeting with Virginia Knauer last week concerning consumer issues, you directed that she and Bill Baroody work with the Domestic Council in developing options for a possible special message on consumer initiatives and regulatory reform. That paper, presenting those options for your decision was provided and will be discussed at this meeting.

B. Participants: James Lynn
Jack Marsh
Jim Cannon
Max Friedersdorf
Dick Cheney
Jim Cavanaugh
Paul O'Neill

C. Press Plan: Not to be announced. White House photograph only.

III. TALKING POINTS

None required.

THE WHITE HOUSE

WASHINGTON

March 12, 1975

MEMORANDUM FOR THE FILES

FROM: JIM CAVANAUGH

SUBJECT: Consumer-Regulatory Decisions Contained in Jim
Cannon's Memorandum of March 8, 1975

1. Title I - Hold for further study and consideration
Title II - Con
2. Con
3. Pro
4. Pro
5. Pro
6. Pro - But consider more attractive bill title
7. Pro
8. Hold for further consideration
9. Pro - Federal cooperation but not in a White House conference
10. Pro - But do it in such a way as to not interfere with
Senate activities - in other words low key it
11. Pro
12. Pro
13. Hold for further consideration and figure out way so that
good organizations like Amway-Avon and others will not be
hurt
14. Con - No decisions yet on basic no fault decision -
(1) Jim Cannon, in the Domestic Council study of the
relative functions between governments, will look at the
question of what is the appropriate level of government
to regulate (2) the new Attorney General and the new

Secretary of Transportation should be involved and consulted in the development of the decision paper on no fault before it goes to the President (3) the President raised the question of whether or not any definitive studies had been done to see if in fact people saved money in States that had no fault in operation.

NOTE: Mike Duval should make sure this item is covered in the President's decision paper on no fault.

15. Hold for further consideration
16. Pro - Express strong Presidential approval but hold short of a firm veto
17. Hold for further consideration - consider implications of the Federal Reports Act of 1942
18. Hold for further consideration - should first be considered by intergovernmental task force identified in item 9
19. Pro
20. Hold for further consideration
21. Con - It's a new program
22. Con
23. Hold for further consideration - keep it task force level
24. Pro

It was also decided in view of the above decisions that a special message would not be sent to the Congress this session on consumer affairs.

THE WHITE HOUSE

WASHINGTON

INFORMATION

March 14, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: JIM CANNON

SUBJECT: Plans for Presenting Your Consumer Policies

Following our Tuesday meeting with you we have drawn up a tentative plan to present and focus attention upon your consumer policies.

SUMMARY

The general policy outline we have followed is that you are opposed to establishing an independent consumer agency. A Consumer Protection Agency (CPA) would be a new program not only at a time when your Administration is trying to cut the size of the Federal Government, but also at a time when you are trying to reform Federal regulatory activity.

What you are proposing, instead, is a Regulatory Review Commission to study Federal regulatory activity. Included in this review would be the extent to which consumer interests are considered in Government regulation. Simultaneously you will be proposing specific regulatory reforms that could be undertaken immediately.

Furthermore, you feel that the existing structures of the Executive branch are adequate to protect consumer interests. But to see that they are fully represented in each department you will be requesting that certain additional measures be undertaken by the Cabinet.

Together the following activities would give visibility to each aspect of your consumer policy and publicly position you as a consumer advocate.

OUTLINE OF POSSIBLE CONSUMER ACTIVITY

Senate floor action on a CPA bill is scheduled for the week after Easter. Most of this activity would be in that week.

- Presidential Letters to Chairmen of House and Senate Committees Considering CPA

These letters would outline your reasons for opposing a CPA, your general consumer philosophy, and note that you intend to undertake certain consumer-oriented measures within the Executive branch.

- Presidential Speech on Consumerism

In a public speech you would discuss your consumer policies and your views on the appropriate Federal role in protecting consumer interests.

- Message to Congress on Regulatory Reform

You would send a special message to Congress that would resubmit your proposal for a Regulatory Review Commission and transmit reforms for immediate action such as surface transportation, repeal of fair trade laws, etc.

A White House press briefing would coincide with the message.

- Swearing-In of New Members on National Consumer Advisory Council

New members of the National Consumer Advisory Council will soon be announced. Many national consumer leaders are in this group; Virginia Knauer is executive director. You could swear the members in and speak briefly at that meeting of the Council.

- Discussion of Consumer Policies at Cabinet Meeting

You would tell the Cabinet of your consumer policies and discuss with them how they could better include consumers in their decisions. You would ask them to hold public hearings and meetings with consumer representatives even when not required by law before taking final action in areas of consumer interest.



- Meeting with Heads of Independent Regulatory Agencies

Following your Cabinet meeting you would have a similar session with the heads of the independent agencies. You would be requesting them to consider additional steps to ensure better consumer representation. A possibility would be to include the relevant Congressional chairmen here so as to: (1) Enlist their support in this effort with the regulatory agencies, and (2) guarantee that no misunderstanding of coercion could come out of the meeting.

- Opening Statement at Presidential Press Conference

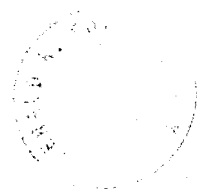
Additional attention could be focused on your actions by a Presidential statement at the first press conference following your other steps.

- Congressional Consultation

Through Jack Marsh we would arrange necessary Congressional involvement both before and after your policies are announced.

- Follow-Up Activities

Following the initial Presidential activity we would work with Bill Baroody and Gerry Warren in setting up appropriate regional briefings, distribution of relevant material to both consumers and businessmen as well as interviews in the press and on TV.



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- Presidential Speech on Consumerism

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You would tell the Cabinet of your consumer policies and discuss with them how they could better include consumers in their decisions. You would ask them to hold public hearings and meetings with consumer representatives even when not required by law before taking final action in areas of consumer interest.



- Meeting with Heads of Independent Regulatory Agencies

Following your Cabinet meeting you would have a similar session with the heads of the independent agencies. You would be requesting them to consider additional steps to ensure better consumer representation. A possibility would be to include the relevant Congressional chairmen here so as to: (1) Enlist their support in this effort with the regulatory agencies, and (2) guarantee that no misunderstanding of coercion could come out of the meeting.

- Opening Statement at Presidential Press Conference

Additional attention could be focused on your actions by a Presidential statement at the first press conference following your other steps.

- Congressional Consultation

Through Jack Marsh we would arrange necessary Congressional involvement both before and after your policies are announced.

- Follow-Up Activities

Following the initial Presidential activity we would work with Bill Baroody and Jerry Warren in setting up appropriate regional briefings, distribution of relevant material to both consumers and businessmen as well as interviews in the press and on TV.



THE WHITE HOUSE

WASHINGTON

SCHEDULE PROPOSAL

DATE: March 21, 1975

FROM: Jim Cannon

VIA: Warren Rustand

MEETING:

Special Cabinet Meeting to discuss the Cabinet's role in improving public and consumer access to Federal agencies

DATE:

Tuesday or Wednesday, March 25 or (26) *12 Noon*

PURPOSE:

To launch major program to more clearly identify the President with the Consumer issue (see other suggested events at Tab A)

FORMAT:

Location: Cabinet Room

Participants: Members of the Cabinet and Senior White House Staff, and Virginia Knauer

Length of Meeting: 45 minutes

SPEECH MATERIAL:

Talking points to be prepared

PRESS COVERAGE:

To be announced; photo opportunity

BACKGROUND:

This event was discussed with the President at a meeting on consumer issues two weeks ago

RECOMMEND:

Jim Cannon
Jack Marsh
Bill Baroody
Jim Lynn
Bill Seidman

APPROVE

DISAPPROVE



THE WHITE HOUSE

WASHINGTON

INFORMATION

March 14, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: JIM CANNON

SUBJECT: Plans for Presenting Your Consumer Policies

Following our Tuesday meeting with you we have drawn up a tentative plan to present and focus attention upon your consumer policies.

SUMMARY

The general policy outline we have followed is that you are opposed to establishing an independent consumer agency. A Consumer Protection Agency (CPA) would be a new program not only at a time when your Administration is trying to cut the size of the Federal Government, but also at a time when you are trying to reform Federal regulatory activity.

What you are proposing, instead, is a Regulatory Review Commission to study Federal regulatory activity. Included in this review would be the extent to which consumer interests are considered in Government regulation. Simultaneously you will be proposing specific regulatory reforms that could be undertaken immediately.

Furthermore, you feel that the existing structures of the Executive branch are adequate to protect consumer interests. But to see that they are fully represented in each department you will be requesting that certain additional measures be undertaken by the Cabinet.

Together the following activities would give visibility to each aspect of your consumer policy and publicly position you as a consumer advocate.



OUTLINE OF POSSIBLE CONSUMER ACTIVITY

Senate floor action on a CPA bill is scheduled for the week after Easter. Most of this activity would be in that week.

- Presidential Letters to Chairmen of House and Senate Committees Considering CPA

These letters would outline your reasons for opposing a CPA, your general consumer philosophy, and note that you intend to undertake certain consumer-oriented measures within the Executive branch.

- Presidential Speech on Consumerism

In a public speech you would discuss your consumer policies and your views on the appropriate Federal role in protecting consumer interests.

- Message to Congress on Regulatory Reform

You would send a special message to Congress that would resubmit your proposal for a Regulatory Review Commission and transmit reforms for immediate action such as surface transportation, repeal of fair trade laws, etc.

A White House press briefing would coincide with the message.

- Swearing-In of New Members on National Consumer Advisory Council

New members of the National Consumer Advisory Council will soon be announced. Many national consumer leaders are in this group; Virginia Knauer is executive director. You could swear the members in and speak briefly at that meeting of the Council.

- Discussion of Consumer Policies at Cabinet Meeting

You would tell the Cabinet of your consumer policies and discuss with them how they could better include consumers in their decisions. You would ask them to hold public hearings and meetings with consumer representatives even when not required by law before taking final action in areas of consumer interest.



- Meeting with Heads of Independent Regulatory Agencies

Following your Cabinet meeting you would have a similar session with the heads of the independent agencies. You would be requesting them to consider additional steps to ensure better consumer representation. A possibility would be to include the relevant Congressional chairmen here so as to: (1) Enlist their support in this effort with the regulatory agencies, and (2) guarantee that no misunderstanding of coercion could come out of the meeting.

- Opening Statement at Presidential Press Conference

Additional attention could be focused on your actions by a Presidential statement at the first press conference following your other steps.

- Congressional Consultation

Through Jack Marsh we would arrange necessary Congressional involvement both before and after your policies are announced.

- Follow-Up Activities

Following the initial Presidential activity we would work with Bill Baroody and Jerry Warren in setting up appropriate regional briefings, distribution of relevant material to both consumers and businessmen as well as interviews in the press and on TV.

Date: March 24, 1975

Time: 1:00 pm

FOR ACTION: Jack Marsh
Bill Seidman
Jim Lynn
Max Friedersdorf
Bill Baroody

cc (for information): Paul O'Neill
Jim Cavanaugh
Ken Lazarus
Warren Hendriks

FROM THE STAFF SECRETARY

DUE: Date: Monday, March 24

Time: 5:00 pm-

SUBJECT:

1. Draft Presidential letter to key Congressional members outlining-consumer program
2. Draft outline of Presidential talking points for Wednesday Cabinet Meeting

ACTION REQUESTED:

☐ For Necessary Action☒ For Your Recommendations☐ Prepare Agenda and Brief☐ Draft Reply☒☐ For Your Comments☐ Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President



THE WHITE HOUSE
WASHINGTON

Dear _____

I have carefully considered the desirability of S. 200 and related legislative proposals to establish a Consumer Protection Agency. I take this opportunity to set forth the principal bases for my view that, however fetching these proposals may appear at first glance, as currently drafted they are not responsive to the truly enlightened needs of the public.

My first difficulty with these measures arises not from the objective of assuring representation of the consumer's interest in the decisionmaking process -- with which I agree -- but from the assumption that this requires the creation of yet another Federal bureaucracy in Washington with all of its attendant costs, and without correcting the defects in existing institutions that are the real essence of the problem. At a time when we are trying to cut down on both the size and the cost of government, it would be unsound to proceed further with this process of adding new layers of bureaucracy instead of correcting the defective structure underneath. What is needed is not a specialized, outside agency, but a means of representing the interests of consumers as part of the routine functioning of the entire government.

[OPTIONAL INSERT:

I do not believe that any new outside agency can adequately represent the myriad of interests that constitutes the consumer interest of all Americans. Nor is it reasonable or fair to propose that, in creating such an agency, some major elements of our society be excluded from coverage.]

A second defect of these proposals is their over-reliance on full-dress adjudicatory proceedings. It is my view that such an approach will ultimately result in unnecessary litigation, delays in enforcement and a drain on judicial resources. A more realistic approach would lie in the pursuit of some minimum notion of due process for the consumer viewpoint within the existing institutions of government. Given the virtual explosion of Federal litigation in recent years, these concerns are not chimerical and, in my opinion, should be addressed directly by the Judiciary Committees of both Houses.

GERALD R. FORD

What I propose instead is a comprehensive review and reform of our existing institutions in order to institute procedures that will assure the consideration of consumer and other public interest viewpoints in governmental action.

The greatest need is to assure that the consumer viewpoint is represented and given a chance to participate at all significant stages of the decisionmaking process. A preliminary review of the problem indicates that this can be accomplished through a variety of possible means including:

First, through the expanded use of hearing procedures designed to give all viewpoints a fair chance to be represented. To assure that this is a just and efficient process, expedited intra-agency appeal processes could be established in all appropriate agencies.

Second, for those instances in which hearing procedures are not practical I am considering the establishment of a certification requirement. This would require that all policy recommendations to the head of a department or agency, and to the President, be accompanied by a certification by the official making the recommendations that he has solicited and considered the views of all interested parties, including those representing consumer interests.

Third, by utilizing an existing, professional representative of consumer interests on a much broader scale as an advocate of consumer interests, both in formal court and hearing proceedings and in the informal councils of government. The Antitrust Division of the Department of Justice has always been an advocate of consumer interests. In recent years, it has increasingly ventured beyond its minimum law enforcement duties to argue the virtues of competition -- which, after all, is the best consumer protection -- in agency hearings and within the councils of government. And even more recently it has established a consumer protection unit which has the authority to enforce a number of consumer protection statutes. Consideration should be given to proposals to enlarge and broaden the charter of this unit to provide a full spectrum of consumer advocacy functions.

Fourth, the independent regulatory agencies, too, must be exposed to a more systematic presentation of consumer viewpoints and to take account of them in their decisions. As I recommended last October, I strongly believe that the Congress and the executive branch should move to establish a Regulatory



Reform Commission. In the context of other needed reforms this Commission would review the various alternatives for improving the protection of consumer interests. Furthermore, I will be meeting shortly with the chairmen and members of the independent regulatory agencies to discuss with them the need for greater consumer representation in their proceedings.

The proposals recited above are only illustrative of reforms that can be wrought to meet the needs of our consuming public. I have today instructed my Cabinet to report to me within 30 days on proposed changes in their own departments and agencies to implement these principles and other possible innovations. Further, my Administration will publish these proposals and accept public comments before putting them into effect. Finally, I have requested James Cannon, Director of the Domestic Council, to compile the Cabinet's recommendations for any needed legislative changes which I shall propose to the Congress within 60 days.

I am hopeful that the Congress will postpone further action on S. 200 and related proposals pending completion of this effort.

Sincerely,



OUTLINE OF PROPOSED PRESIDENTIAL TALKING POINTS
FOR CABINET MEETING

March 26, 1975

I. INTRODUCTORY NOTE:

A. In recent years, there has developed a dramatically increased concern with enhancing the power of the consumer in the marketplace and in the halls of government.

B. A modest view of the concept of "consumer advocacy" would require expanded opportunities for the presentation of consumer viewpoints in the decision-making processes of Government.

C. An extreme view of the concept would question the role of Government officials as the people's final consumer advocate and resort to a full-dress adjudicatory proceedings in order to litigate the interests of consumer groups.

II. PENDING LEGISLATION:

A. The Congress currently is considering a number of legislative proposals to create an independent Consumer Protection Agency.

B. The principal legislative proposal (S. 200 by Senator Ribicoff) raises three major areas of concern:

1. The measure would create yet another unnecessary Federal bureaucracy with all of its attendant costs.

2. In seeking to protect the interests of consumers, the bill places an over-reliance on full-dress, adjudicatory proceedings which will result in unnecessary litigation, delays in enforcement and a drain on judicial resources.

3. It would do nothing to correct the deficiencies in existing institutions of government that are the essence of the problem.

III. RESPONSIBLE ALTERNATIVES:

A. Rather than creating new institutions, Government must correct the defects in existing institutions in order to make them responsive to the enlightened needs of consumers.

B. The most efficient and effective way to meet the needs of consumers is within existing institutions, and with a minimum of full-dress adjudicatory proceedings. What we need most are fast, effective procedures to assure some minimum form of due process for the consumer viewpoint.

C. Consistent with these ground rules, consumer advances can be made on three fronts:

1. The procedures of Government departments and agencies can be thoroughly reviewed in order to fashion new procedures and remedies for consumers which allow for an effective redress of their grievances.

2. In appropriate situations, existing executive agencies can be utilized to enhance the representation of consumer interests.

3. The operations of the independent regulatory agencies should be reconsidered with a view toward remedial legislative proposals.

IV. PROGRAM DEVELOPMENT:

A. Within thirty (30) days, members of the Cabinet will be expected to present a comprehensive report on steps which can be taken to enhance the rights of consumers within their respective departments and agencies.

B. Remedies should be tailored to meet the needs of consumers. Consideration should be given to the following:

1. An expanded use of agency hearings which could allow consumer groups to confront the views of other organizations on a public record.



[3/26/75]

BRIEF COMMENTS FOR CABINET MEETING

Mr. President, the protection of the consumer is an unassailable objective.

But in the name of protecting the consumer Congress is moving toward the creation of a new federal agency that would have unprecedented power to intervene in the operations of the Federal Government and in the operations of private business.

The Consumer Bill that is most advanced at this point is S.200. This bill, sponsored by Senator Ribicoff and 38 other Senators, would create a new agency to be called the Agency for Consumer Advocacy.

At the start it would have 600 new Federal employees and a Budget of \$600 million for the first three years.

The status of this bill is that it was supported 12 to 1 in the Senate Government Operations Committee. The best estimates are that when it comes to the Floor it will have 20 to 30 votes against it.

Four consumer bills have been introduced in the House but the House Government Operations Committee has not yet begun to consider a Consumer Protection Bill.



However, the House did pass a Consumer Protection bill last year and our best judgment is that the House will pass some kind of a strong Consumer Protection Bill at this session.

As to the Senate Bill S.200 -

To its supporters, the Agency for Consumer Advocacy would be the consumer's lawyer. And many consumer groups feel such an advocacy is particularly important before the regulatory agencies which - in the view of consumers - regulate on behalf of industry and not for the consumer.

The opponents of S.200 feel that this bill would give an appointed official unprecedented power to coerce other agencies of the Government and to intervene in private business.

This agency would be headed by an Administrator appointed by the President, but once confirmed by the Senate he could be removed from office only for inefficiency, neglect of duty, or malfeasance.

So he would be a power unto himself, answerable to no one.

He would have independence on his budget, for he would submit his appropriation request simultaneously to Congress and to the President.

The Head of the Agency would have the authority to choose which consumer or group of consumers he might want to represent against other consumers who might hold opposing views.

The administrator could publicize an anonymous consumer complaint against any producer or company.

This agency would have full legal power to intervene in every domestic department, agency and program of the United States Government.

Because of its unique powers, the Agency for Consumer Advocacy could result in dual prosecution. Private businessmen might have to defend themselves simultaneously against prosecutors representing the regulatory agencies and the prosecutors representing the Agency for Consumer Advocacy.

The Agency for Consumer Advocacy could require a company to provide information which might be used later against the company.

In sum, Mr. President,
there are two major dangers in this bill.

1. The Agency for Consumer Advocacy would intrude into the orderly operation of the federal government/s, departments and agencies.
2. This Advocacy Agency would intrude in a major way in the operation of private business firms. It is the kind of legislation that suggests that the federal government is trying to put business out of business.



PAS
Consumer
file

3/26/75

PRESIDENT'S TALKING POINTS

1. As Government has grown bigger and more complex, so has the concern that the interests of consumers are not being adequately represented in our Government.
2. I share this concern. But I don't believe that to provide greater consumer representation we need another new and expensive Federal bureaucracy. And especially not at a time when we're trying to simplify and cut the cost of Government.
3. What is needed are improved procedures for representing the interests of consumers within our existing departments and agencies. After all, you already have among your responsibilities the protection of the public interest and that includes consumer interests. *That's what the business of government is all about.*
4. I'm determined to show that this Administration can *by Executive Action* fully consider consumer views without setting up a separate agency.
5. *add about charging Carrier officers w/ responsibility.* I want each of you to undertake a comprehensive review of the existing procedures for considering consumer views in your departments. Look at everything you do that affects consumers. And within 30 days I want you to report to me on what ~~mechanisms~~ *procedures* are already in place and on the steps you're prepared to take to improve consumer participation in the decision process.
6. You should know that after the Easter recess I will be holding an open meeting with the chairmen and members of the independent regulatory agencies as well as the leading members of the appropriate Congressional committees. The purpose of that meeting will be to discuss with them the need to more fully consider the consumer view in the activities of those agencies.
7. Before I ask Jim Cannon to explain our program in more detail let me say that it's important for each of you to speak out about the problems of setting up a new independent agency and to publicly support our consumer efforts. Point out the steps you are taking in your departments for consumers at every opportunity

FRANKLIN'S SPEECH POINTS

per comment

1. As Government has grown bigger and more complex, so has the concern that the interests of consumers are not being adequately represented in our Government.

2. I share this concern. But I don't believe that to provide greater consumer representation we need another new and expensive Federal bureaucracy. And especially not at a time when we're trying to simplify and cut the cost of Government.

3. What is needed are improved procedures for representing the interests of consumers within our existing departments and agencies. After all, you already have among your responsibilities the protection of the public interest and that includes consumer interests. What's more, I'm determined to show that this Administration can fully consider consumer views without setting up a separate agency.

4. I want each of you to undertake a comprehensive review of the existing procedures for considering consumer views in your departments. Look at everything you do that affects consumers. And within 30 days I want you to report to me on what changes are already in place and on the steps you're prepared to take to improve consumer participation in the decision process.

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6. Before I ask Jim Cannon to explain our proposal in detail let me say that it's important for each of you to speak out about the problems of setting up a new independent agency and to publicly support our consumer efforts. Joint out the steps you are taking in your departments for consumer participation at every opportunity.

Cop
Healy -

"Define Consumers"

Who is to represent the
consumers -

But put forward by some groups
to get enormous authority
over them through ever Branch

other ways we doing now
documented at length.

what regulate

through we - put the problem
+ solution into the hands
of individual
lawyer wing
class action blockhead

Small claims court -



Brown	VS		unsubstantiated
Fann	VS		has been pres not taken as positive

for - Notes, etc

