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Consumer
[April 1975]

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.

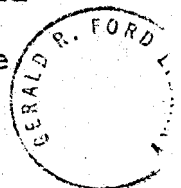
Title I: Statutory establishment of an Office of Consumer Affairs within the Executive Office of the President.

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 indepen-
dent 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

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



3. Regulatory Reform Commission

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, Barody, 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, Barody, Lazarus)

_____ Con

_____ Hold for further consideration

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)

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)

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

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;
Knauer; Lazarus)

_____ Con

_____ Hold for further consideration

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



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 (Scidman, CEA, Knauer, Barcody, OMB, Lazarus)

_____ Con

_____ Hold for further consideration (Marsh)

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)

_____ Hold for further consideration (Baroody, Lazarus)



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

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

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

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

_____ 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, Barody, Lazarus

_____ Con

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

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

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

THE WHITE HOUSE

WASHINGTON

April 8, 1975

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: JIM CANNON

SUBJECT: Administration Consumer Policies

At the Cabinet meeting on March 26 you requested that the Domestic Council staff discuss with Cabinet members what might be done by Executive and Administrative action to assist consumers.

BACKGROUND:

1. Your Position on Consumer Protection Agency Proposals

Your objectives, as we understand them, are:

- (1) Prevent, if possible, the passage of legislation creating a Consumer Protection Agency.
- (2) Have enough votes to sustain a veto of S. 200, which would create a Consumer Advocacy Agency, if Congress should pass it or similar legislation.
- (3) Demonstrate, at the same time, your Administration's concern for consumers, and your belief that consumer concerns can be well represented through existing government structures, which were created to advance the public interest.

2. Your Position on Regulatory Reform

Since the greater part of the consumer problem lies with the independent regulatory agencies, you proposed to Congress in January that a Regulatory Review Commission be established to review the independent regulatory agencies. Under your proposal, particular attention would be paid to the effect of these agencies upon consumers and the extent of consumer representation in their decision making.



ALTERNATIVES TO CPA:

To carry out your proposal to work with the Cabinet in developing alternatives to S. 200 and other proposed consumer legislation, I have talked with each Cabinet member and requested a response to these questions:

1. What specific problems does this bill, which would create a new Agency for Consumer Advocacy, present to your department?
2. What specific efforts are you making now to better represent the consumer in your department's decisions and activities?
3. What additional efforts could you take to better represent the consumer in your department's decisions and activities?
4. What regulatory reforms would you suggest to assist the consumer?

The responses from the Cabinet officers are attached at Tab A. In summary, they replied:

1. An Agency for Consumer Advocacy created by S. 200 would grossly interfere with the efficient conduct of the business and operations of every department.
2. Each department in its own way has already been taking specific steps to represent the consumer. Your Administration is doing more than is generally realized.
3. While all felt they are conscientiously representing consumers, they also conceded they could do more to make their consumer work more effective and visible. Many made practical suggestions, e.g., dissatisfied consumers could find redress in the small claims courts in operation in many States.
4. Regulatory reform is badly needed.

CONGRESSIONAL SITUATION:

Many Members of the Congress believe there is great popular appeal in the "consumer protection" issue.

The Senate Government Operations Committee plans formally to report out S. 200 with a 12-1 vote shortly after Congress reconvenes.

The House passed a consumer protection bill last year, and apparently will do so again this year.

Yet a recent poll (Tab B) conducted by Opinion Research Corporation and sponsored by the U.S. Chamber of Commerce, indicates that 75 percent of a sample of 2,000 American consumers would rather make existing agencies more effective than create a new Agency for Consumer Advocacy.

OPTIONS:

In view of your opposition to establishing an Agency for Consumer Advocacy and taking into account your Cabinet's suggestions for alternative actions, we believe these to be the practical options:

1. Executive Action:

- a. By Executive order, expand Mrs. Virginia Knauer's Office of Consumer Affairs and authorize her to formally comment in all rule-making proceedings affecting consumer interests. Also, direct her to participate in agency adjudicatory proceedings when authorized by law.

Pro: Would permit the Office of Consumer Affairs to more effectively carry out its duties, would assure greater Executive control than with a CPA and could command support as an alternative to CPA.

Con: Would go against the spirit of your ban on new spending programs. Also, this very well might not stop CPA legislation and we could end up with both this office and a CPA.

----- AGREE

(Baroody, Knauer)

----- ✓ DISAGREE

(Lazarus, Marsh, Seidman,
Lynn, Cannon)

- b. By Executive order, establish in each executive department a consumer representative.

Pro: Could provide visible proof of the President's consumer commitment. Could be a strong Administration alternative to a CPA.

Con: Could require sizable increased spending. Could have the effect of relieving agency operational units of considering the public interest. Consumer leaders could see this as an insufficient alternative to CPA.

_____ AGREE

_____ DISAGREE

(Baroody; Knauer: should be Office of Consumer Representation)

(Lazarus, Marsh, Seidman, Lynn, Cannon)

- c. Ask each department and agency head to meet with Mrs. Knauer to discuss how to develop best an adequate internal structure to provide consideration of consumer views. A lack of such mechanisms appears to be the greatest single weakness in most departments. Where a sufficient structure is already in place, the department or agency head should discuss with Mrs. Knauer how to make it function more effectively.

Pro: Could be an effective means of increasing consumer representation in each department. Would allow flexibility in each agency's consumer structure and show that consumer concerns can be handled by existing departments.

Con: Could be ineffective means of insuring consumer representation. Probably would not placate consumer leaders.

_____ AGREE

_____ DISAGREE

(Lynn, Knauer, Baroody, Seidman, Lazarus, Marsh, Cannon)

- d. Discuss consumer policies at the next Cabinet meeting. Remind each Cabinet member of the problems they found with S. 200. Point out that to stop that legislation each has a responsibility to speak out against a CPA and to put their own houses in order by improving and publicizing their consumer representation efforts.

AGREE DISAGREE

(Lynn, Knauer, Baroody,
Lazarus, Seidman, Marsh, Cannon)

- e. Tell the Cabinet you are determined to prove that consumer representation can be adequately handled by their existing departments. Therefore, you expect them all to do a better job in this area than they now are.

AGREE DISAGREE

(Lynn, Lazarus, Seidman,
Marsh, Baroody, Knauer, Cannon)

- f. Swear in new members of the National Consumer Advisory Council at the White House. This would provide an opportunity to highlight further your consumer policies and to discuss your concerns directly with these national consumer leaders.

AGREE DISAGREE

(Lynn, Knauer, Baroody,
Lazarus, Seidman, Cannon)

2. Regulatory Reform Action:

- a. Meet with members of the independent regulatory agencies to seek their suggestions and to discuss with them ways to make immediate improvements in the regulatory process.

AGREE DISAGREE

(Lynn, Knauer, Baroody,
Marsh, Lazarus, Seidman,
Cannon)

- b. Send a special message to the Congress on regulatory reform. Reiterate your support for a Regulatory Review Commission, review your pending reform proposals for financial institutions and fair trade laws and submit new reform initiatives.

_____ AGREE ✓ _____ DISAGREE

(Seidman, Marsh, Lynn, Cannon) (Lazarus)
 (Baroody and Knauer if called
 Government Reform Message)

3. Other Actions:

- a. Communicate your position on a Consumer Protection Agency by letters to the Chairmen and ranking minority members of the House and Senate Government Operations Committees. A draft letter is at Tab C.

Pro: Would not only make clear your position on S. 200 but would also publicize your consumer initiatives at the same time.

Con: Could be a red flag to Congress and preclude any possibility of compromise.

✓ _____ AGREE _____ DISAGREE

(Lynn, Baroody, Friedersdorf, (Knauer)
 Marsh, Seidman, Lazarus, Cannon)

- b. Plan to discuss your consumer policies in a speech before a major forum.

_____ AGREE _____ DISAGREE

(Lynn, Lazarus, Seidman,
 Marsh, Baroody, Knauer,
 Cannon)

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Con: Would go against the spirit of your ban on new spending programs. Also, this very well might not stop CPA legislation and we could end up with both this office and a CPA.

AGREE

DISAGREE

(Baroody, Knauer)

(LaMarcus, Marsh, Seidman,
Lynn, Cannon)

- b. By Executive order, establish in each executive department a consumer representative.

Pro: Could provide visible proof of the President's consumer commitment. Could be a strong Administration alternative to a CPA.

Con: Could require sizable increased spending. Could have the effect of relieving agency operational units of considering the public interest. Consumer leaders could see this as an insufficient alternative to CPA.

_____ AGREE

_____ DISAGREE

(Baroody; Knauer: should be Office of Consumer Representation)

(Lazarus, Marsh, Seidman, Lynn, Cannon)

- c. Ask each department and agency head to meet with Mrs. Knauer to discuss how to develop best an adequate internal structure to provide consideration of consumer views. A lack of such mechanisms appears to be the greatest single weakness in most departments. Where a sufficient structure is already in place, the department or agency head should discuss with Mrs. Knauer how to make it function more effectively.

Pro: Could be an effective means of increasing consumer representation in each department. Would allow flexibility in each agency's consumer structure and show that consumer concerns can be handled by existing departments.

Con: Could be ineffective means of insuring consumer representation. Probably would not placate consumer leaders.

_____ AGREE

_____ DISAGREE

(Lynn, Knauer, Baroody, Seidman, Lazarus, Marsh, Cannon)

- d. Discuss consumer policies at the next Cabinet meeting. Remind each Cabinet member of the problems they found with S. 200. Point out that to stop that legislation each has a responsibility to speak out against a CPA and to put their own houses in order by improving and publicizing their consumer representation efforts.

_____ AGREE

_____ DISAGREE

(Lynn, Knauer, Baroody,
Lazarus, Seidman, Marsh, Cannon)

- e. Tell the Cabinet you are determined to prove that consumer representation can be adequately handled by their existing departments. Therefore, you expect them all to do a better job in this area than they now are.

_____ AGREE

_____ DISAGREE

(Lynn, Lazarus, Seidman,
Marsh, Baroody, Knauer, Cannon)

- f. Swear in new members of the National Consumer Advisory Council at the White House. This would provide an opportunity to highlight further your consumer policies and to discuss your concerns directly with these national consumer leaders.

_____ AGREE

_____ DISAGREE

(Lynn, Knauer, Baroody,
Lazarus, Seidman, Cannon)

2. Regulatory Reform Action:

- a. Meet with members of the independent regulatory agencies to seek their suggestions and to discuss with them ways to make immediate improvements in the regulatory process.

_____ AGREE

_____ DISAGREE

(Lynn, Knauer, Baroody,
Marsh, Lazarus, Seidman,
Cannon)

NEWS BUREAU

North Harrison Street
Princeton, New Jersey 08540
609/924-5900

Press Contact: Henry L. Dursin
Senior Vice President
Opinion Research Corporation
609/924-5900

FOR IMMEDIATE RELEASE

PRINCETON, N. J. -- March 11: American consumers, by a 75% majority, are opposed to the creation of a new, independent consumer agency within the Federal Government, according to a nationwide survey of public attitudes released here today by Opinion Research Corporation.

Public opposition to the proposed agency spreads throughout all geographic areas and major population groupings.

The survey found that 13% of consumers would support efforts now under way in Congress to enact legislation establishing the Agency for Consumer Advocacy, which proponents of the bill say will give the consumer a larger voice in helping shape government decisions. In addition, more than half of 13% who initially favored such an agency withdrew their support rather than have the government spend \$60 million to set up and operate it for the first three years. The bill (S. 200), now under consideration in the Senate, provides \$60 million to set up and operate the new agency over the first three years.

A total of 12% of the public had no opinion on whether or not a new agency should be established.

Opinion Research Corporation conducted the survey, which was sponsored by The Business Roundtable. A total of 2,038 people of voting age were interviewed in



their homes between January 10 and February 3, 1975. All sections of the country and all population groups are represented. The sampling method used is the most reliable and professional known.

The survey found that the public is generally satisfied with the consumer protection efforts of existing government agencies. Almost 80% of consumers feel they are being treated fairly by the government.

Asked about present Federal agencies in the consumer field, 63% of those surveyed had heard of the Office of Consumer Affairs and more than half of these respondents felt it is doing an effective job.

A total of 50% of the public said they have heard about the Consumer Product Safety Commission, established in 1973; and about three-fourths rated this agency as effective. Some 75% of the public had heard of the Environmental Protection Agency, with almost half giving it an effective rating.

Given a choice between creating a new consumer agency or taking the steps necessary to make existing consumer agencies more effective, the respondents strongly favored improving the present agencies by a margin of 75% to 13%.

A clear majority of the public feels it is generally being treated fairly by business, according to the opinion poll. The survey found that 27% of consumers believe they are "almost always" dealt with fairly by business, while an additional 59% feel they are "usually" treated fairly. Thirteen percent of the public said they have been treated unfairly.

In cases in which consumers have been dissatisfied with some product or service, the survey showed that they believe the best places to go in order to get something done about it are the "person who sold it to them in the first place," the Better Business Bureau, and the company that made the product or furnished the service. Eight percent of the total public look to the Federal consumer agencies to correct unfair treatment.

###

For information about The Business Roundtable, please contact James M. Freeman at The Roundtable office, 405 Lexington Avenue, New York City (telephone: 212/ 682-6370).

Tab C

THE WHITE HOUSE
WASHINGTON

TO: GOVERNMENT OPERATIONS COMMITTEE

Representative Jack Brooks
Representative Frank Horton
Senator Abraham Ribicoff
Senator Charles Percy

Dear (_____):

In the interest of protecting the American consumer, I am directing department and agency heads, in coordination with the Domestic Council, to review Executive branch procedures to make certain that consumer interests receive full consideration in all Government actions.

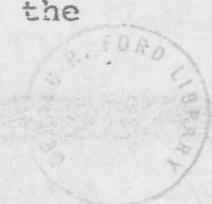
To be frank, I recognize the legitimate public and Congressional concerns that the interests of consumers have not always been adequately considered by Federal departments and agencies. This must be changed. Therefore I am asking each agency head to examine the specific efforts he is making now to represent the consumer in the agency's decisions and activities and to work with Virginia Knauer, my Special Assistant for Consumer Affairs, in instituting additional efforts his agency could undertake to better represent consumer interests.

In examining their present procedures and in establishing new ones, department and agency heads will follow these guidelines:

All consumer interests should receive a fair chance to be heard in the Government decision making process; and

The costs and administrative requirements of Federal rules and regulations on the private sector should be held to a minimum.

Regulatory reform is one of the most important vehicles for improving consumer protection. Outdated regulatory practices lead to higher prices and reduced services. I urge the



Congress to pass a number of specific legislative proposals in this regard, including the bill I submitted in January to establish a Regulatory Review Commission. I have also requested the Congress to repeal outdated fair trade laws which raise prices and to reform many of the existing banking laws and regulations which penalize small savers. I will soon request legislation to overhaul our system of transportation regulation to allow freer competition, improved services, and lower prices.

I am also asking the chairmen and members of the independent regulatory agencies to meet with me. I intend to ask for their suggestions and to discuss with them ways they can make immediate improvements in the regulatory process. I am determined that the public will receive the most efficient and effective public service at the least cost.

In view of the steps that are being taken by the Executive department to make Government-wide improvements in the quality of service to the consumer, I am requesting that the Congress postpone further action on S. 200, which would create a new Federal Agency for Consumer Advocacy.

I do not believe that we need yet another Federal bureaucracy in Washington, with its attendant costs of \$60 million for the first three years and hundreds of additional Federal employees, in order to achieve better consumer representation and protection in Government. At a time when we are trying to cut down on both the size and the cost of Government, it would be unsound to add another layer of bureaucracy instead of improving the underlying structure.

Although the purpose of this new Federal agency would be to protect the consumers, the practical effect could well be to raise costs and prices to consumers.

It is my conviction that the best way to protect the consumer is to improve the existing institutions of Government, not to add more Government.

I look forward to working with you, the members of your Committee, and the Congress in advancing the interests of all consumers within our existing departments and agencies.

Vote

THE WHITE HOUSE

WASHINGTON

April 8, 1975

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: JIM CANNON

SUBJECT: Administration Consumer Policies

At the Cabinet meeting on March 26 you requested that the Domestic Council staff discuss with Cabinet members what might be done by Executive and Administrative action to assist consumers.

BACKGROUND:

1. Your Position on Consumer Protection Agency Proposals

Your objectives, as we understand them, are:

- (1) Prevent, if possible, the passage of legislation creating a Consumer Protection Agency.
- (2) Have enough votes to sustain a veto of S. 200, which would create a Consumer Advocacy Agency, if Congress should pass it or similar legislation.
- (3) Demonstrate, at the same time, your Administration's concern for consumers, and your belief that consumer concerns can be well represented through existing government structures, which were created to advance the public interest.

2. Your Position on Regulatory Reform

Since the greater part of the consumer problem lies with the independent regulatory agencies, you proposed to Congress in January that a Regulatory Review Commission be established to review the independent regulatory agencies. Under your proposal, particular attention would be paid to the effect of these agencies upon consumers and the extent of consumer representation in their decision making.



ALTERNATIVES TO CPA:

To carry out your proposal to work with the Cabinet in developing alternatives to S. 200 and other proposed consumer legislation, I have talked with each Cabinet member and requested a response to these questions:

1. What specific problems does this bill, which would create a new Agency for Consumer Advocacy, present to your department?
2. What specific efforts are you making now to better represent the consumer in your department's decisions and activities?
3. What additional efforts could you take to better represent the consumer in your department's decisions and activities?
4. What regulatory reforms would you suggest to assist the consumer?

The responses from the Cabinet officers are attached at Tab A. In summary, they replied:

1. An Agency for Consumer Advocacy created by S. 200 would grossly interfere with the efficient conduct of the business and operations of every department.
2. Each department in its own way has already been taking specific steps to represent the consumer. Your Administration is doing more than is generally realized.
3. While all felt they are conscientiously representing consumers, they also conceded they could do more to make their consumer work more effective and visible. Many made practical suggestions, e.g., dissatisfied consumers could find redress in the small claims courts in operation in many States.
4. Regulatory reform is badly needed.



CONGRESSIONAL SITUATION:

Many Members of the Congress believe there is great popular appeal in the "consumer protection" issue.

The Senate Government Operations Committee plans formally to report out S. 200 with a 12-1 vote shortly after Congress reconvenes.

The House passed a consumer protection bill last year, and apparently will do so again this year.

Yet a recent poll (Tab B) conducted by Opinion Research Corporation and sponsored by the U.S. Chamber of Commerce, indicates that 75 percent of a sample of 2,000 American consumers would rather make existing agencies more effective than create a new Agency for Consumer Advocacy.

OPTIONS:

In view of your opposition to establishing an Agency for Consumer Advocacy and taking into account your Cabinet's suggestions for alternative actions, we believe these to be the practical options:

1. Executive Action:

- a. By Executive order, expand Mrs. Virginia Knauer's Office of Consumer Affairs and authorize her to formally comment in all rule-making proceedings affecting consumer interests. Also, direct her to participate in agency adjudicatory proceedings when authorized by law.

Pro: Would permit the Office of Consumer Affairs to more effectively carry out its duties, would assure greater Executive control than with a CPA and could command support as an alternative to CPA.

Con: Would go against the spirit of your ban on new spending programs. Also, this very well might not stop CPA legislation and we could end up with both this office and a CPA.

_____ AGREE

(Baroody, Knauer

_____ DISAGREE

✓
(Lazarus, Marsh, Seidman,
Lynn

- b. By Executive order, establish in each executive department a consumer representative.

Pro: Could provide visible proof of the President's consumer commitment. Could be a strong Administration alternative to a CPA.

Con: Could require sizable increased spending. Could have the effect of relieving agency operational units of considering the public interest. Consumer leaders could see this as an insufficient alternative to CPA.

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✓ _____ DISAGREE

(Baroody; Knauer: should be Office of Consumer Representation

(Lazarus, Marsh, Seidman, Lynn

- c. Ask each department and agency head to meet with Mrs. Knauer to discuss how to develop best an adequate internal structure to provide consideration of consumer views. A lack of such mechanisms appears to be the greatest single weakness in most departments. Where a sufficient structure is already in place, the department or agency head should discuss with Mrs. Knauer how to make it function more effectively.

Pro: Could be an effective means of increasing consumer representation in each department. Would allow flexibility in each agency's consumer structure and show that consumer concerns can be handled by existing departments.

Con: Could be ineffective means of insuring consumer representation. Probably would not placate consumer leaders.

✓ _____ AGREE

_____ DISAGREE

(Lynn, Knauer, Baroody, Seidman, Lazarus, Marsh



- d. Discuss consumer policies at the next Cabinet meeting. Remind each Cabinet member of the problems they found with S. 200. Point out that to stop that legislation each has a responsibility to speak out against a CPA and to put their own houses in order by improving and publicizing their consumer representation efforts.

AGREE DISAGREE

(Lynn, Knauer, Baroody,
Lazarus, Seidman, Marsh

- e. Tell the Cabinet you are determined to prove that consumer representation can be adequately handled by their existing departments. Therefore, you expect them all to do a better job in this area than they now are.

AGREE DISAGREE

(Lynn, Lazarus, Seidman,
Marsh, Baroody, Knauer

- f. Swear in new members of the National Consumer Advisory Council at the White House. This would provide an opportunity to highlight further your consumer policies and to discuss your concerns directly with these national consumer leaders.

AGREE DISAGREE

(Lynn, Knauer, Baroody,
Lazarus, Seidman

2. Regulatory Reform Action:

- a. Meet with members of the independent regulatory agencies to seek their suggestions and to discuss with them ways to make immediate improvements in the regulatory process.

AGREE DISAGREE

(Lynn, Knauer, Baroody,
Marsh, Lazarus, Seidman



- b. Send a special message to the Congress on regulatory reform. Reiterate your support for a Regulatory Review Commission, review your pending reform proposals for financial institutions and fair trade laws and submit new reform initiatives.

 AGREE DISAGREE
 (Seidman, Marsh, Lynn (Lazarus
 (Baroody and Knauer if called
 Government Reform Message

3. Other Actions:

- a. Communicate your position on a Consumer Protection Agency by letters to the Chairmen and ranking minority members of the House and Senate Government Operations Committees. A draft letter is at Tab C.

Pro: Would not only make clear your position on S. 200 but would also publicize your consumer initiatives at the same time.

Con: Could be a red flag to Congress and preclude any possibility of compromise.

 AGREE DISAGREE
 (Lynn, Baroody, Friedersdorf, (Knauer
 Marsh, Seidman, Lazarus

- b. Plan to discuss your consumer policies in a speech before a major forum.

 AGREE DISAGREE
 (Lynn, Lazarus, Seidman,
 Marsh, Baroody, Knauer



[ca. 4/8/75]

THE WHITE HOUSE
WASHINGTON

ACTION

MEMORANDUM FOR THE PRESIDENT

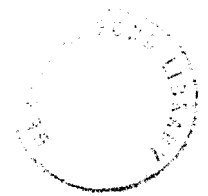
FROM : JIM CANNON

SUBJECT : Letters to Congress on Consumer Policies

In the decision memo of April 8 on consumer issues, you agreed to send letters explaining your consumer policies to the relevant Congressional committee chairmen. The letters are attached at Tab A for your signature. They've been approved by Paul Theis, Jim Lynn, Bill Seidman, Bill Baroody, Paul O'Neill, Jack Marsh, and Max Friedersdorf.

RECOMMENDATION

I recommend that you sign the letters at Tab A to Representatives Brooks and Staggers and Senator Ribicoff. Copies will be sent to Senator Percy and Representatives Horton and Devine.



THE WHITE HOUSE

WASHINGTON

April 16, 1975

Dear Mr. Chairman:

In the interest of protecting the American consumer, I am directing department and agency heads, in coordination with the Domestic Council, to review Executive branch procedures to make certain that consumer interests receive full consideration in all Government actions.

To be frank, I recognize the legitimate public and Congressional concerns that the interests of consumers have not always been adequately considered by Federal departments and agencies. This must be changed. Therefore, I am asking agency heads to examine the specific efforts they are making now to represent the consumer in their agencies' decisions and activities and to work with Virginia Knauer, my Special Assistant for Consumer Affairs, in instituting additional efforts which the agencies can undertake to better represent consumer interests.

In examining their present procedures and in establishing new ones, department and agency heads will follow these guidelines:

All consumer interests should receive a fair chance to be heard in the Government decision making process; and

The costs and administrative requirements of Federal rules and regulations on the private sector should be held to a minimum.

Regulatory reform is one of the most important vehicles for improving consumer protection. Outdated regulatory practices lead to higher prices and reduced services. I urge the Congress to enact a number of specific legislative proposals in this regard, including the bill I submitted in January to establish a Regulatory Review Commission. I renew my request to the Congress to repeal outdated fair trade laws which raise prices and to reform many of the existing banking laws and

regulations which penalize small savers. I will soon request legislation to overhaul our system of transportation regulation to allow freer competition, improved services, and lower prices.

I also intend to ask the chairmen and members of the independent regulatory agencies to meet with me to discuss ways they can make immediate improvements in the regulatory process. I am determined that the public will receive the most efficient and effective public service at the least cost.

In view of the steps that are being taken by the Executive department to make Government-wide improvements in the quality of service to the consumer, I am requesting that the Congress postpone further action on S. 200, which would create a new Federal Agency for Consumer Advocacy.

I do not believe that we need yet another Federal bureaucracy in Washington, with its attendant costs of \$60 million for the first three years and hundreds of additional Federal employees, in order to achieve better consumer representation and protection in Government. At a time when we are trying to cut down on both the size and the cost of Government, it would be unsound to add another layer of bureaucracy instead of improving the underlying structure.

It is my conviction that the best way to protect the consumer is to improve the existing institutions of Government, not to add more Government.

I look forward to working with you, the members of your Committee, and the Congress in advancing the interests of all consumers within our existing departments and agencies.

Sincerely,

The Honorable Jack Brooks
Chairman
House Government Operations Committee
House of Representatives
Washington, D.C. 20515

DOMESTIC COUNCIL CLEARANCE SHEET

DATE: April 16, 1975

JMC action required by: _____

TO: JIM CANNON

VIA: DICK DUNHAM _____

JIM CAVANAUGH _____

FROM: PAM NEEDHAM

SUBJECT: PRESIDENTIAL MEMO: "LETTERS TO CHAIRMEN AND RANKING
MINORITY MEMBERS OF SENATE AND HOUSE GOVERNMENT OPERATIONS
COMMITTEES"

COMMENTS:

DATE: _____

RETURN TO: PAM NEEDHAM

Material has been:

____ Signed and forwarded

____ Changed and signed (copy attached)

____ Returned per our conversation

____ Noted



Jim Cannon

APRIL 17, 1975

Office of the White House Press Secretary

THE WHITE HOUSETEXT OF A LETTER FROM THE PRESIDENT
TO THREE MEMBERS OF CONGRESS

April 17, 1975

Dear Mr. Chairman:

In the interest of protecting the American consumer, I am directing department and agency heads, in coordination with the Domestic Council, to review Executive branch procedures to make certain that consumer interests receive full consideration in all Government actions.

To be frank, I recognize the legitimate public and Congressional concerns that departments and agencies be more responsive to the interests of consumers. This must be changed. Therefore, I am asking agency heads to examine the specific efforts they are making now to represent the consumer in their agencies' decisions and activities and to work with Virginia Knauer, my Special Assistant for Consumer Affairs, in instituting additional efforts which the agencies can undertake to better represent consumer interests.

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more



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It is my conviction that the best way to protect the consumer is to improve the existing institutions of Government, not to add more Government.

I look forward to working with you, the members of your Committee, and the Congress in advancing the interests of all consumers within our existing departments and agencies.

Sincerely,

GERALD R. FORD

The Honorable Abraham A. Ribicoff
Chairman
Senate Government Operations Committee
United States Senate
Washington, D.C. 20510

The Honorable Jack Brooks
Chairman
House Government Operations Committee
House of Representatives
Washington, D.C. 20515

The Honorable Harley O. Staggers
Chairman
House Interstate and Foreign Commerce Committee
House of Representatives
Washington, D.C. 20515

#



April 19, 1975

*Supports
S. 200*

Dear Mr. Chairman:

Thank you for your prompt and detailed response to the President's April 17 letter to you concerning consumer interests and in particular S. 200.

I wish to assure you that I shall call your letter to the attention of the President and the appropriate members of the staff without delay.

With kind regards,

Sincerely,

William T. Kendall
Deputy Assistant
to the President

The Honorable Abraham Ribicoff
United States Senate
Washington, D. C. 20510



~~Acc:~~ w/incoming to James Cannon for further handling.

Xerox copy to Max Friedersdorf on 4/19

WTK:VO:vo

4-18

1975 APR 18 PM 2 00

HAND DELIVERED
RECEIVED AND SECURITY UNIT
THE WHITE HOUSE
WASHINGTON

ABRAHAM RIBICOFF, CONN., CHAIRMAN	CHARLES H. PERCY, ILL.
JOHN L. MC CLELLAN, ARK.	JACOB K. JAVITS, N.Y.
HENRY M. JACKSON, WASH.	WILLIAM V. ROTH, JR., DEL.
EDMUND S. MUSKIE, MAINE	BILL BROCK, TENN.
LEE METCALF, MONT.	LOWELL P. WEICKER, JR., CONN.
JAMES B. ALLEN, ALA.	
LAWTON CHILES, FLA.	
SAM NUNN, GA.	
JOHN GLENN, OHIO	

United States Senate

COMMITTEE ON
GOVERNMENT OPERATIONS
WASHINGTON, D.C. 20510

April 17, 1975

RICHARD A. WEGMAN
CHIEF COUNSEL AND STAFF DIRECTOR

The President
The White House
Washington, D.C.

Dear Mr. President:

Thank you for your letter outlining some positive and constructive steps to assist the American consumer. I believe that repeal of outmoded fair trade laws, overhaul of transportation regulation, and protection of small savings deposits are all important, and I strongly support such initiatives.

However, none of these proposals addresses the compelling need for an effective advocate to represent consumer interests before the Federal agencies and departments.

These agencies and departments make decisions every day which affect the consumer.

When the Federal Communications Commission decides to increase telephone rates, when the Department of Agriculture approves the export of American grain to Russia, when the Civil Aeronautics Board approves higher airline fares, or when the Food and Drug Administration authorizes the sale of a new drug, the business or industry which has an interest in the outcome is well represented--often by an entire team of lawyers and technical experts. But not the consumer--he can hardly afford the hundreds of thousands of dollars that it takes to present his side of the case. The result is almost inevitable: the consumer very rarely wins when government decisions are made.

S. 200, the Consumer Protection Act, would correct this imbalance. It would provide the consumer with an effective and well-organized advocate to plead his cause with government decision-makers. And S. 200 would do this for the relatively modest sum of \$15 million in the first year, \$20 million in the second year, and \$25 million in the third year. This is not enormous, when compared with Assistant Attorney General Kauper's estimate that inefficient government regulation is costing American consumers some \$80 billion a year.



PW
4-20-75

2/2

The President
The White House
Washington, D.C.
April 17, 1975
Page two

I might add that S. 200 includes a provision added in Committee which requires Federal agencies to prepare cost and benefit assessment statements when promulgating regulations or proposing legislation. This should help to achieve the goal outlined in your letter that the costs of Federal rules and regulations to the private sector be held to a minimum.

Mr. President, support for this legislation is widespread and growing. More than 100 national, state, and local organizations have endorsed creation of a strong consumer protection agency--and among them the Consumer Federation of America, Common Cause, the American Bar Association, the National Conference of Mayors, the National Association of Attorneys General, and a number of the unions comprising the AFL-CIO. Thirty-two of the nation's governors supported the bill in a telegram to the Senate last year. And a number of businesses--including such major corporations as Polaroid, Connecticut General Life Insurance, Montgomery Ward, Zenith, and Dreyfus Fund--have endorsed the bill. In just the last few days, one of the country's largest food chains, Stop and Shop, and one of the country's biggest oil companies, Mobil Oil Corporation, have endorsed S. 200.

This increasing level of support is reflected in the Senate, when S. 200 now is sponsored by 45 Senators--12 more than last year. Last Wednesday, the bill was reported out of the Government Operations Committee by a vote of 11 to 1.

Mr. President, legislation to create a consumer protection agency has been worked on by Congress for more than 5 years. As you may recall, you supported it and spoke out in favor of it in 1971, the one time it came to the floor of the House while you were a member of that body. I am confident that the legislation we have prepared represents a fair balancing of all the interests concerned, and that S. 200 meets the needs of the American consumer.

Under the circumstances I feel that S. 200 should be passed this year.

Mr. President, I believe very strongly that the Consumer Protection Act deserves your support. I hope that you will be able to support it.

Sincerely,



Abe Ribicoff

United States Senate

COMMITTEE ON FINANCE

WASHINGTON, D.C. 20510

OFFICIAL BUSINESS

Abraham Ribicoff
U.S.S.

The President
The White House
Washington, D.C.

April 19, 1975

Dear Senator:

Thank you for your prompt and detailed response to the President's April 17 letter concerning consumer interests and S. 200 in particular.

I wish to assure you that I shall call your letter to the attention of the President and the appropriate members of the staff without delay.

With kind regards,

Sincerely,

William T. Kendall
Deputy Assistant
to the President

*Supports
S. 200*

The Honorable Charles H. Percy
United States Senate
Washington, D. C. 20510

~~cc:~~ w/incoming to James Cannon for further handling.

Xerox copy to Max Friedersdorf on 4/19

WTK:VO:vo



4-19

ABRAHAM RIBICOFF, CONN., CHAIRMAN

JOHN L. MC CLELLAN, ARK.
HENRY M. JACKSON, WASH.
EDMUND S. MUSKIE, MAINE
LEE METCALF, MONT.
JAMES B. ALLEN, ALA.
LAWTON CHILES, FLA.
SAM NUNN, GA.
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BILL BROCK, TENN.
LOWELL P. WEICKER, JR., CONN.

United States Senate

RICHARD A. WEGMAN
CHIEF COUNSEL AND STAFF DIRECTOR

COMMITTEE ON
GOVERNMENT OPERATIONS
WASHINGTON, D.C. 20510

*Pres 2.00
Interview*

April 18, 1975

The President
The White House
Washington, D.C.

*encl
MF*

Dear Mr. President:

I have carefully reviewed your letter yesterday to Senator Ribicoff, Chairman of the Senate Government Operations Committee, and the copy you sent me as ranking Republican, describing actions you intend to take, and have already taken, on behalf of the American consumer.

I was especially pleased by your recognition that the departments and agencies that administer programs and make daily decisions affecting the health, safety, and economic well-being of all consumers have, over the years and especially in recent times, failed to be sufficiently responsive to consumers. I can think of no better beginning than your directive to those units of government that a major and immediate effort must be made to make sure that consumers are adequately listened to and consulted in the decision-making process. And, with respect to the high costs and prolonged delays of agency actions, your intent to personally involve yourself in redressing these matters must be seen by all consumers as a significant development.

So far as regulatory reform is a means of accomplishing both ends, I share your interest in repealing the so-called fair trade laws and in reforming transportation regulation and the regulation of financial institutions, with an overall view towards lessening the impact of inflation, improving competition, and better serving the public interest. Toward this end, I have myself introduced legislation to get the Senate moving on regulatory reform, substantive and procedural, by authorizing a comprehensive study under the joint auspices of the Senate Government Operations Committee and the Senate Commerce Committee. It is my personal view that consumers and the country would be better off if such costly and ineffective



PAGE 2

agencies as the Interstate Commerce Commission, the Federal Maritime Commission, and the Civil Aeronautics Board were to be phased out of existence, consistent with a national effort to return to free market competition.

But at the core of regulatory reform, in my view, is the recognition that it is not nearly enough to merge or consolidate agencies, eliminate overlapping functions, and revise, revamp or reorient the structure and purpose of government regulation. However well we succeed in that, there remains the ever present and gnawing reality that while the process may function better, and make more sense in theory, consumers will probably be no better off unless commensurate steps are taken to assure that the views and concerns of individual consumers are taken into account at each and every stage of agency decision-making.

You have been in government life longer than I, but I am sure that you share my observation that, for lack of time and money and organizational means, individual consumers are generally at a total loss when faced with the red tape and revolving doors of government decision-making (or more often lack of decision or action) affecting their daily lives. Accordingly, the regulatory reform which we both seek hinges ultimately on devising a means by which consumer views may be voiced, focused, and systematically brought to bear within that process.

After years of effort, and consultation with enlightened and open-minded businessmen, economists, lawyers, academicians, consumer groups, and the government decision-makers themselves (including numerous experts within the Administrations of the last two presidents, and your own), the Congress has settled upon just such a means for assuring consistent, informed, and responsible consumer input in agency decisions. The means we have settled upon is an Agency for Consumer Advocacy as outlined in S. 200. In my view it would be a tragic mistake to defer any longer consideration of creating the one agency of government which will be closest to and speaking on behalf of consumers of this nation.

At the very time that vital decisions are being made by Presidential counselors, cabinet heads, regulators, and government bureaucrats regarding today's twin crises of energy



and the economy, there needs to be some agency of government which can speak out forcefully for consumers and relate how intimately those decisions are tied to their earnings, savings, and purchasing power -- how their jobs will be affected, their weekly budgets, and their bank accounts. There needs to be some agency of government mandated to seek out and express the views of those who are most devastatingly affected by the rate of unemployment at current levels above 8.5 percent, by the housing slump, and by too-high interest rates that put home and auto loans out of reach for so many, and in turn, get the economy out of joint. If consumers today are at all able to get someone in government even to pay attention when decisions of this sort are being made, it would appear that their advice is not being taken.

In reaching the conclusion that an Agency for Consumer Advocacy is needed, I have, at the same time worked consistently over the past four years to incorporate safeguards in the legislation to make sure that responsible business will be fairly dealt with and that the orderly functions and processes of government will not be delayed or disrupted. What we have today achieved in the legislation is a delicate balance which will better protect the American consumer while at the same time deal with some of the serious wrongs which unfairly stain the good name of the overwhelming majority of responsible businesses throughout this great nation.

Mr. President, it is not without thought that 45 Senators are cosponsoring this legislation. Nor that major American businesses, including such outstanding and far-sighted firms as the Mobil Oil Corporation, Zenith, Marcor (parent of Montgomery Ward), Polaroid, the Dreyfus Fund, Connecticut General Life Insurance, and others, have lent their good names in support of the concept and the legislation before us. I note that you apparently had reached the same conclusion back in 1971 when very similar legislation overwhelmingly passed the House of Representatives, as it did again in the last Congress. Whatever has caused you to change your thoughts in this regard, I urge that you personally take the time to study the amended version of S. 200 as reported to the Senate late last week following an 11 - 1 vote of the Government Operations Committee, and soon to be scheduled for floor action. The bill, as reported, now



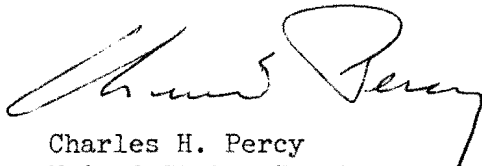
PAGE 4

includes a provision giving legislative effect to, and providing guidelines consistent with your own Executive Order of last fall which mandated a weighing of respective costs to the consumer and benefits to be gained from government regulatory decisions.

I am confident that a thoroughgoing review on your part will convince you, as it has numerous Senators and leaders in the business community, that this bill needs to be passed and the agency created without further delay. In this light, I want to share with you my very recent correspondence with Rawleigh Warner, Chairman of the Board of Mobil, and William Tavoulaareas, President of that company. (attached)

Finally, I would personally be very happy to sit down with you to discuss this matter. You should be aware that nine years ago, when I first came to the Senate, I set an objective relevant to the money concerns you expressed, and have maintained it to this date. That goal was never to propose new legislation involving additional expenditure of Federal funds without recommending reductions in comparable expenditures, so that the net cost to the government is zero. I would welcome, therefore, reviewing with you ways of cutting hundreds of millions of dollars -- nay billions of dollars -- of needless government expense by existing departments and agencies which have utterly outlived their usefulness, as a trade-off for the relatively small sum of \$60 million, over 3 years, for financing this one new agency which can really make a difference. That total amount is considerably less than the annual advertising budgets of some of the companies lobbying vigorously, once again, to defeat this needed legislation.

Warmest personal regards,



Charles H. Percy
United States Senator

Attachments

CHP:rrg

ABRAHAM RIBICOFF, CONN., CHAIRMAN

JOHN L. MC CLELLAN, ARK.
HENRY M. JACKSON, WASH.
EDMUND S. MUSKIE, MAINE
LEE METCALF, MONT.
JAMES B. ALLEN, ALA.
LAWTON CHILES, FLA.
SAM NUNN, GA.
JOHN GLENN, OHIO

CHARLES H. PERCY, ILL.
JACOB K. JAVITS, N.Y.
WILLIAM V. ROYH, JR., DEL.
BILL BROCK, TENN.
LOWELL P. WEICKER, JR., CONN.

United States Senate

RICHARD A. WEGMAN
CHIEF COUNSEL AND STAFF DIRECTOR

COMMITTEE ON
GOVERNMENT OPERATIONS
WASHINGTON, D.C. 20510

March 26, 1975

Mr. William P. Tavoulaareas
President
Mobil Oil Corporation
150 East 42nd Street
New York, New York 10017

Dear Mr. Tavoulaareas:

I have your letter of March 20, 1975, and the attachment incorporating your staff's review of the proposed legislation, S.200, to create an Agency for Consumer Advocacy. It is clear to me from the incisiveness of that analysis that Mobil has reviewed this legislation at considerable length in arriving at a responsible corporate position. It has been my contention for some time that so much of the headstrong opposition to this measure would dissolve if only corporate leaders were to study the bill's provisions in detail and understand the important safeguards that are included for the protection of responsible business and the consumer.

Having reviewed the Mobil analysis of S.200, I can assure you that the key considerations which are discussed there reflect precisely those safeguards that are so paramount to assuring positive and meaningful consumer input into government agency decisions. Each of the points, taken in turn, expresses those safeguards in a succinct manner. Let me point out that, as to one provision, it is true that the ACA administrator is absolutely prohibited from intervening in any state and local agency or court proceedings. The Committee added an amendment to permit him to provide information to, or upon request assist, any such agency or court on matters having a substantial impact on consumers. The memorandum also makes an important point concerning the significance of price and adequacy of supply as key elements in the determination of the consumer interest. My objective is to make sure that such considerations are set forth in the bill when the legislation is considered on the Senate floor next month.

PAGE 2

Finally, as I relayed to Rawleigh Warner in my recent conversation with him on this subject, as a principal sponsor of this legislation I expect to promote passage and enactment of this legislation in its present form. The delicate balance which we have sought and obtained must be retained by the avoidance of amendments which would either unduly enlarge or constrict the authorities of this Agency. Accordingly, it is my intent, which I am sure is shared by my colleagues who have joined in this effort, to work assiduously on the floor and in conference to assure that the final result reflects this delicate balance.

There is no question in my mind that Mobil can support this measure with confidence that it will help to redress some of the serious wrongs which unfairly tarnish the good name of responsible business, and that, at the same time, the legislation will help to better protect the American consumer.

I enclose an extra copy of this letter for Mr. Warner to review upon his return.

Sincerely,

Charles H. Percy
United States Senator

CHP:rrg

Enclosure

Mobil Oil Corporation

150 EAST 42ND STREET
NEW YORK, NEW YORK 10017

WILLIAM P. TAVOULAREAS
PRESIDENT

March 20, 1975

The Honorable Charles H. Percy
United States Senate
Committee on Government Operations
Washington, D.C. 20510

Dear Senator Percy:

Your letter to Mr. Warner arrived during his absence from the office, and I think it appropriate that I give you a prompt response on behalf of Mobil. As you may know, when the subject of an agency for consumer advocacy first arose Mobil was deeply concerned that the legislation created sweeping powers for the new agency, making it in essence a super-agency with regulatory responsibilities. It appears that many of the difficulties in the earlier proposal have been cured as the result of the work of the sponsoring Senators and their staffs, prompted in part by constructive criticism from outside the Congress. It would indeed be ungracious of us to fail to recognize that the proposal now before the Senate in the form of S.200 is a very different piece of legislation from several of those previously considered by the Congress, although it still includes undesirable provisions such as the exemption granted for labor disputes.

I recently asked my staff to review the current bill and to give me an assessment of the major points of concern which we previously had. Their review is attached to this letter. Because so much change has occurred in the legislative history of this bill, I wonder if it would be possible for you to review the attachment and to let me know whether we have properly read the intent of the present legislation. I am particularly sensitive to the comment you made in your letter that the bill is intended to represent a "...delicately balanced and carefully constructed means of assuring responsible consumer input into regulatory matters at the Federal level." Because this balance is so delicate it is important not only that the bill remain in its present form throughout the legislative process, but also that the legislative history reflect insofar as possible the concept of balance which you have so ably expressed. If you agree with this point of view, I would hope that you could give us your assurance that you will make every effort on the Floor and in conference to retain the bill in the form now proposed and to create a legislative history which will give guidance for responsible interpretation of the powers conferred. We could then with confidence regard this as a matter which merits support.

Sincerely,

W. P. Tavoulareas

WPT/IMW
attachment

Mobil Oil Corporation

150 EAST 42ND STREET
NEW YORK, NEW YORK 10017

RAWLEIGH WARNER, JR.
CHAIRMAN OF THE BOARD

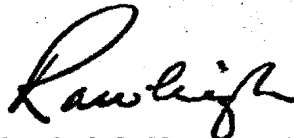
April 1, 1975

The Honorable Charles H. Percy
United States Senate
Committee on Government Operations
Washington, D.C. 20510

Dear Chuck:

I have just seen the exchange of correspondence which you have had with Bill Tavoulaareas on the subject of S.200, the bill to create an agency for consumer advocacy. I am indeed pleased that both of your letters have emphasized the need to maintain the "delicate balance" which is so evident in the construction of the bill. We do support the measure in its present form, and we note your strong intention to resist changes.

Sincerely,



Rawleigh Warner, Jr.

RW/LMW

cc: W. P. Tavoulaareas

UNITED STATES SENATE

WASHINGTON, D.C. 20510

PUBLIC DOCUMENT

OFFICIAL BUSINESS

Charles H. Perry
U.S.S.

BY HAND

The President
The White House
Washington, D.C. 20500

THE WHITE HOUSE
WASHINGTON

April 22, 1975

MEMO TO : JIM CAVANAUGH
PAM NEEDHAM
FROM : JIM CANNON
SUBJECT : Percy Letter Re: S.200
Ribicoff Ltr Re: S.200

The attached is forwarded
for

Your handling

FYI

Other Please read and
see me.

Attachment
cc: Dick Dunham

Jeanne McLean - FYI



DOMESTIC COUNCIL CLEARANCE SHEET

DATE: 4/22/75

JMC action required by: cob
4/22/75

TO: JIM CANNON

VIA: DICK DUNHAM *[Signature]*

JIM CAVANAUGH *[Signature]*

FROM: PAM NEEDHAM *[Signature]*



SUBJECT: Memorandum to Cabinet members from Jim Cannon requesting action in regard to S.200, a bill to create an Agency for Consumer Advocacy

COMMENTS:

I recommend that you send the attached memo to the Domestic Council members who attended last week's Cabinet meeting.

DATE: _____

RETURN TO:

Material has been:

- Signed and forwarded
- Changed and signed (copy attached)
- Returned per our conversation
- Noted
-

Pam - Jim Cannon is going to do it - Thank you

Jim Cannon

THE WHITE HOUSE

WASHINGTON

April 22, 1975

MEMORANDUM FOR _____

FROM: JIM CANNON

At last week's Cabinet meeting the President discussed his opposition to S. 200, a bill to create an Agency for Consumer Advocacy. He asked that the members of the Cabinet discuss their problems with S. 200 with their Congressional authorizing committee members.

The President also stated his intention to see that Executive branch procedures are reformed so that consumer views are more adequately considered. Toward that end, he directed that each Cabinet member work with Virginia Knauer in reviewing existing procedures for consumer representation and in instituting new ones where necessary.

Could you report to me by 5 p.m. Thursday, April 24, on what steps you have taken to implement the President's requests to:

1. Discuss the problems of S. 200 with your authorizing committees; and
2. Work with Mrs. Knauer in undertaking necessary reforms within the departments?

Thank you.



THE WHITE HOUSE
WASHINGTON

April 23, 1975

*Hold
for possible
further
action
4/29*

MEMORANDUM TO: JIM CANNON
FROM: *(B)* PAM NEEDHAM

I recommend that you approve the attached memorandum for the President to send to the heads of executive departments and agencies regarding his consumer initiatives.

Also attached is a cover memo from you to the President and a list of addressees for the President's memorandum.

NOTE: After you approve the package it should go to Bob Linder who will have the final memo typed for the President's signature.



DOMESTIC COUNCIL CLEARANCE SHEET

DATE: April 25, 1975

JMC action required by: 4/25/75

TO: JIM CANNON

VIA: DICK DUNHAM

JIM CAVANAUGH

FROM: PAM NEEDHAM

SUBJECT: Presidential memorandum to heads of executive departments and agencies on the consumer issue

COMMENTS:

See attached PGN memorandum to JMC

DATE: _____

RETURN TO: PAM NEEDHAM

Material has been:

- Signed and forwarded
- Changed and signed (copy attached)
- Returned per our conversation
- Noted
-
-



Jim Cannon

THE WHITE HOUSE

WASHINGTON

April 24, 1975

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: JIM CANNON

SUBJECT: Presidential Memorandum to Heads of Executive
Departments and Agencies

At your Cabinet meeting last week you directed those present to review the consumer efforts their departments were making and to work with Virginia Knauer in instituting new procedures where necessary.

Attached is a memorandum for you to send to the heads of executive departments and agencies that would formalize those directions.

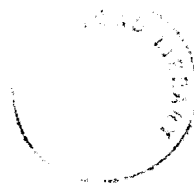
By addressing the memorandum to the heads of executive departments and agencies you extend your policies beyond just the Cabinet departments. For instance, such non-Cabinet agencies as GSA and VA are included in the larger category.

RECOMMENDATION

Bill Baroody, Jim Lynn, Max Friedersdorf, Bill Seidman, Jack Marsh, Paul Theis, and I recommend that you send the attached memorandum to the heads of executive departments and agencies.

APPROVE _____

DISAPPROVE _____



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: April 23

Time: 130pm

FOR ACTION: Paul O'Neill
Jack Marsh
Max Friedersdorf
Bill Seidman
Bill Baroody

cc (for information): Warren Hendriks
Jim Cavanaugh

Ken Lazarus
Paul Theis

FROM THE STAFF SECRETARY

DUE: Date: April 23

Time: 10:30a.m.

SUBJECT:

Draft Presidential memorandum to heads of departments
and agencies on consumer reforms

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.

Warren M. Hendriks
For the President

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

In order that the Federal Government can be more responsive to the concerns of the American consumer, I am asking that department and agency heads, in coordination with the Domestic Council, review their agencies' procedures to insure full consideration of consumer interests in all Government actions.

You are to examine the specific efforts your agency is making now to represent the consumer in your agency's decisions and activities. In establishing new procedures which your agency can undertake to represent consumer interests better, you should work with Virginia Knauer, my Special Assistant for Consumer Affairs.

In examining your present procedures and in establishing new ones, you should follow these guidelines:

All consumer interests should receive a fair chance to be heard in the Government decision making process; and

The costs and administrative requirements of Federal rules and regulations on the private sector should be held to a minimum.

In addition, I am requesting that you specifically review with Mrs. Knauer possible organizational, procedural, information and consumer complaint handling initiatives.

You are to begin working with Mrs. Knauer immediately and report back to me as soon as possible on what new steps are being taken to improve consumer representation within your agency.



ADDRESSEES FOR MEMORANDUM TO HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

The Honorable Rogers C.B. Morton
Secretary of the Interior
Washington, D.C. 20240

The Honorable Earl L. Butz
Secretary of Agriculture
Washington, D.C. 20250

cty The Honorable
Secretary of Commerce
Washington, D.C. 20230

The Honorable John T. Dunlop
Secretary of Labor
Washington, D.C. 20210

The Honorable Caspar W. Weinberger
Secretary of Health, Education,
and Welfare
Washington, D.C. 20201

The Honorable Carla A. Hills
Secretary of Housing and
Urban Development
Washington, D.C. 20410

The Honorable William T. Coleman, Jr.
Secretary of Transportation
Washington, D.C. 20590

The Honorable Henry A. Kissinger
Secretary of State
Washington, D.C. 20520

The Hon. James R. Schlesinger
Secretary of Defense
Washington, D.C. 20301

The Honorable Edward H. Levi
The Attorney General
Washington, D.C. 20530

The Hon. William E. Simon
Secretary of the Treasury
Washington, D.C. 20220



The Hon. Michael P. Balzano, Jr.
Director of the ACTION Agency
Washington, D.C. 20525

The Hon. Richard L. Roudebush
Administrator of Veterans'
Affairs
Washington, D.C. 20420

The Hon. Bert A. Gallegos
Director
Community Services Administration
Washington, D.C. 20506

The Hon. Russell W. Peterson
Chairman
Council on Environmental Quality
Washington, D.C. 20006

The Hon. Robert C. Seamans
Administrator
Energy Research and Development
Administration
Washington, D.C. 20545

The Hon. Albert Rees
Director
Council on Wage and Price
Stability
Washington, D.C.

The Hon. Russell E. Train
Administrator
Environmental Protection Agency
Washington, D.C. 20024

The Hon. Frank G. Zarb
Administrator
Federal Energy Administration
Washington, D.C. 20461

The Hon. Arthur F. Sampson
Administrator of General Services
Washington, D.C. 20405

The Hon. James C. Fletcher
Administrator
National Aeronautics and Space
Administration
Washington, D.C. 20546



The Hon. Thomas S. Kleppe
Administrator
Small Business Administration
Washington, D.C. 20416

MEMORANDUM FOR THE HEADS OF THE EXECUTIVE DEPARTMENTS AND AGENCIES

At the last Cabinet meeting, we discussed ways that the Federal Government can be more responsive to the concerns of the American consumer. Following that meeting, I wrote to the Chairmen of the House and Senate Government Operations Committees and to the Chairman of the House Interstate and Foreign Commerce Committee regarding my consumer policies. I requested that the Congress postpone further action on legislation to create an Agency for Consumer Advocacy in view of the steps that the Executive branch is taking to improve representation of consumer views in Government.

Accordingly, I am asking today that department and agency heads, in coordination with the Domestic Council, review their agencies' procedures to make certain that consumer interests receive full consideration in all Government actions.

Specifically, I would like you to examine the particular efforts your agency is now making to represent the consumer in its decisions and activities. In establishing new procedures which your agency can undertake to represent consumer interests better, I ask that you work with Virginia Knauer, my Special Assistant for Consumer Affairs.

In examining your present procedures and in establishing new ones, you should be guided by these principles:

All consumer interests should receive a fair chance to be heard in the Government decision making process; and

The costs and administrative requirements of Federal rules and regulations on the private sector should be held to a minimum.

In addition, I am requesting that you specifically review with Mrs. Knauer possible organizational, procedural, information and consumer complaint handling initiatives.

Please begin working with Mrs. Knauer immediately and report back to me as soon as possible on what new steps are being taken to improve consumer representation within your agency.



It is my conviction that the best way to protect the consumer is to improve the existing institutions of Government, not to add another Federal bureaucracy.

Your cooperation in this effort to make certain that consumer interests are fully considered within your departments and agencies is appreciated.



12:30 PM - Baroody Lunch for Consumer
Advisory Council
Conference Dining Room

Thursday, May 1, 1975

