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Office of the White House Press Secretary

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THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

When I suggested in my State of the Union Message that "most Americans today are simply fed up with government at all levels," there was some surprise that such a sweeping indictment of government would come from within the government itself. Yet it is precisely there, within the government itself, that frustration with government is often most deeply experienced.

A President and his associates often feel that frustration as they try to fulfill their promises to the people. Legislators feel that frustration as they work to carry out the hopes of their constituents. And dedicated civil servants feel that frustration as they strive to achieve in action the goals which have been established in law.

GOOD MEN AND BAD MECHANISMS

The problem with government is not, by and large, the people in government. It is a popular thing, to be sure, for the public to blame elected officials and for elected officials to blame appointed officials when government fails to perform. There are times when such criticism is clearly justified. But after a quarter century of observing government from a variety of vantage points, I have concluded that the people who work in government are more often the victims than the villains when government breaks down. Their spirit has usually been willing. It is the structure that has been weak.

Good people cannot do good things with bad mechanisms. But bad mechanisms can frustrate even the noblest aims. That is why so many public servants -- of both political parties, of high rank and low, in both the legislative and executive branches -- are often disenchanted with government these days. That is also why so many voters feel that the results of elections make remarkably little difference in their lives.

Just as inadequate organization can frustrate good men and women, so it can dissipate good money. At the Federal level alone we have spent some $1.1 trillion on domestic programs over the last 25 years, but we have not realized a fair return on this investment. The more we spend, the more it seems we need to spend and while our tax bills are getting bigger our problems are getting worse.

No, the major cause of the ineffectiveness of government is not a matter of men or of money. It is principally a matter of machinery. It will do us little good to change personnel or to provide more resources unless we are willing to undertake a critical review of government's overall design.

Most people do not pay much attention to mechanical questions. What happens under the hood of their automobile, for example, is something they leave to the specialists at the garage. What they do care about, however, is how well the automobile performs. Similarly, most people are willing to leave the mechanical questions of government organization to those who have specialized in that subject -- and to their elected leaders. But they do care very deeply about how well the government performs.

At this moment in our history, most Americans have concluded that government is not performing well. It promises much, but it does not deliver what it promises. The great danger, in my judgment, is that this momentary disillusionment with government will turn into a more profound and lasting loss of faith.

We must fight that danger. We must restore the confidence of the people in the capacities of their government. In my view, that obligation now requires us to give more profound and more critical attention to the question of government organization than any single group of American leaders has done since the Constitutional Convention adjourned in Philadelphia in September of 1787. As we strive to bring about a new American Revolution, we must recognize that central truth which those who led the original American Revolution so clearly understood: often it is <u>how</u> the government is put together that determines how <u>well</u> the government can do its job.

This is not a partisan matter, for there is no Republican way and no Democratic way to reorganize the government. This is not a matter for dogmatic dispute, for there is no single, ideal blueprint which will immediately bring good order to Federal affairs. Nor is this a matter to be dealt with once and then forgotten. For it is important that our political institutions remain constantly responsive to changing times and changing problems.

RENEWED INTEREST IN COMPREHENSIVE REFORM

The last two years have been a time of renewed interest in the question of how government is organized. The Congress has instituted a number of reforms in its own procedures and is considering others. Judicial reform -- at all levels of government -- has also become a matter of intense concern. The relationship between various levels of government has attracted increased attention -- and so, of course, has the subject of executive reform.

This administration, with the counsel and the cooperation of the Congress, has taken a number of steps to reorganize the executive branch of the Federal Government. We have set up a new Domestic Council and a new Office of Management and Budget in the Executive Office of the President. We have created a new Environmental Protection Agency and a new United States Postal Service. We have worked to rationalize the internal structure of Federal departments and agencies.

All of these and other changes have been important, but none has been comprehensive. And now we face a fundamental choice. We can continue to tinker with the machinery and to make constructive changes here and there -- each of them bringing some marginal improvement in the government's capacities. Or we can step back, take a careful look, and then make a concerted and sustained effort to reorganize the executive branch according to a coherent, comprehensive view of what the Federal Government of this Nation ought to look like in the last third of the twentieth century.

The impulse for comprehensive reorganization has been felt before in recent decades. In fact, the recommendations I am making today stem from a long series of studies which have been made under several administrations over many years. From the report of the President's Committee on Administrative Management (the Brownlow Committee) in 1937, down through the findings of the Commission on Organization of the Executive Branch of the Government (the Hoover Commission) in 1949, the President's Task Force on Government Organization in 1964, and my own Advisory Council on Executive Organization during the last two years, the principles which I am advancing today have been endorsed by a great number of distinguished students of government and management from many backgrounds and from both political parties.

I hope the Congress will now join me in concluding, with these authorities, that we should travel the course of comprehensive reform. For only if we travel that course, and travel it successfully, will we be able to answer affirmatively in our time the fundamental question posed by Alexander Hamilton as the Constitution was being debated in 1788: "whether societies of men are really capable or not of establishing good government from reflection and choice...."

THE FRAGMENTATION OF FEDERAL RESPONSIBILITY

As we reflect on organizational problems in the Federal Government today, one seems to stand out above all others: the fact that the capacity to do things -- the power to achieve goals and to solve problems -- is exceedingly fragmented and broadly scattered throughout the Federal establishment. In addressing almost any of the great challenges of our time the Federal Government finds itself speaking through a wide variety of offices and bureaus, departments and agencies. Often these units trip over one another as they move to meet a common problem. Sometimes they step on one another's toes. Frequently, they behave like a series of fragmented fiefdoms -- unable to focus Federal resources or energies in a way which produces any concentrated impact.

Consider these facts:

Nine different Federal departments and twenty independent agencies are now involved in education matters. Seven departments and eight independent agencies are involved in health. In many major cities, there are at least twenty or thirty separate manpower programs, funded by a variety of Federal offices. Three departments help develop our water resources and four agencies in two departments are involved in the management of public lands. Federal recreation areas are administered by six different agencies in three departments of the government. Seven agencies provide assistance for water and sewer systems. Six departments of the government collect similar economic information -- often from the same sources -- and at least seven departments are concerned with international trade. While we cannot eliminate all of this diffusion we can do a great deal to bring similar functions under common commands.

It is important that we move boldly to consolidate the major activities of the Government. The programmatic jumble has already reached the point where it is virtually impossible to obtain an accurate count of just how many Federal grant programs exist. Some estimates go as high as 1,500. Despite impressive attempts by individual legislators and by the Office of Economic Opportunity, there is still no agreement on a comprehensive list. Again and again I hear of local officials who are unable to determine how many Federal programs serve their areas or how much Federal money is coming into their communities. One reason is that the assistance comes from such a wide variety of Federal sources.

THE CONSEQUENCES OF SCATTERED RESPONSIBILITY

What are the consequences of this scattering of Federal responsibility? There are many.

In the first place, the diffusion of responsibility makes it extremely difficult to launch a coordinated attack on complex problems. It is as if the various units of an attacking army were operating under a variety of highly independent commands. When one part of the answer to a problem lies in one department and other parts lie in other departments, it is often impossible to bring the various parts together in a unified campaign to achieve a common goal.

Even our basic analysis of public needs often suffers from a piecemeal approach. Problems are defined so that they will fit within established jurisdictions and bureaucratic conventions. And the results of government action are typically measured by the degree of activity within each program rather than by the overall impact of related activities on the outside world.

The role of a given department in the policy making process can be fundamentally compromised by the way its mission is defined. The narrower the mission, the more likely it is that the department will see itself as an advocate within the administration for a special point of view. When any department or agency begins to represent a parochial interest, then its advice and support inevitably become less useful to the man who must serve <u>all</u> of the people as their President.

Even when departments make a concerted effort to broaden their perspectives, they often find it impossible to develop a comprehensive strategy for meeting public needs. Not even the best planners can set intelligent spending priorities, for example, unless they have an opportunity to consider the full array of alternative expenditures. But if one part of the problem is studied in one department and another part of the problem is studied elsewhere, who decides which element is more important? If one office considers one set of solutions and a separate agency investigates another set of solutions, who can compare the results? Too often, no official below the very highest levels of the Government has access to enough information to make such comparisons wisely. The result is that the Government often fails to make a rational distribution of its resources among a number of program alternatives.

Divided responsibility can also mean that some problems slip between the cracks and disappear from the Government's view. Everybody's business becomes nobody's business and embarrassing gaps appear which no agency attempts to fill. At other times, various Federal authorities act as rivals, competing with one another for the same piece of "turf."

Sometimes one agency will actually duplicate the work of another; for instance, the same locality may receive two or more grants for the same project. On other occasions, Federal offices will actually find themselves working at cross purposes with one another; one agency will try to preserve a swamp, for example, while another is seeking to drain it. In an effort to minimize such problems, government officials must spend enormous amounts of time and energy negotiating with one another that should be directed toward meeting people's needs. And even when they are able to work out their differences, officials often reach compromise solutions which merely represent the lowest common denominator of their original positions. Bold and original ideas are thus sacrificed in the quest for intra-governmental harmony.

Scattered responsibility also contributes to the over-centralization of public decision making. Because competing offices are often in different chains of command, it is frequently impossible for them to resolve their differences except by referring them to higher authorities, a process which can mean interminable delays. In an attempt to provide a means for resolving such differences and for providing needed coordination, an entire new layer of bureaucracy has emerged at the interagency level. Last year, the Office of Management and Budget counted some 850 interagency committees. Even so, there are still many occasions when only the White House itself can resolve such interjurisdictional disputes. Too many questions thus surface at the Presidential level that should be resolved at levels of Government closer to the scene of the action.

Inefficient organization at the Federal level also undermines the effectiveness of State and local governments. Mayors and Governors waste countless hours and dollars touching base with a variety of Federal offices -- each with its own separate procedures and its own separate policies. Some local officials are so perplexed by the vast array of Federal programs in a given problem area that they miss out on the very ones that would be most helpful to them. Many State and local governments find they must hire expensive specialists to guide them through the jungles of the Federal bureaucracy.

If it is confusing for lower levels of government to deal with this maze of Federal offices, that challenge can be even more bewildering for individual citizens. Whether it is a doctor seeking aid for a new health center, a businessman trying to get advice about selling in foreign markets, or a welfare recipient going from one office to another in order to take full advantage of Federal services, the people whom the Government is supposed to be serving are often forced to weave their way through a perplexing obstacle course as a condition of receiving help.

THE HOBBLING OF ELECTED LEADERSHIP

Perhaps the most significant consequence of scattered responsibility in the executive branch is the hobbling effect it has on elected leadership -- and, therefore, on the basic principles of democratic government. In our political system, when the people identify a problem they elect to public office men and women who promise to solve that problem. If these leaders succeed, they can be reelected; if they fail, they can be replaced. Elections are the people's tool for keeping government responsive to their needs.

This entire system rests on the assumption, however, that elected leaders can make the government respond to the people's mandate. Too often, this assumption is wrong. When lines of responsibility are as tangled and as ambiguous as they are in many policy areas, it is extremely difficult for either the Congress or the President to see that their intentions are carried out.

If the President or the Congress wants to launch a program or change a program or even find out how a program is working, it often becomes necessary to consult with a half dozen or more authorities, each of whom can blame the others when something goes wrong. It is often impossible to delegate to any one official the full responsibility for carrying out a specific mandate, since the machinery for doing that job is divided among various agencies. As a result, there is frequently no single official -- even at the Cabinet level -- whom the President or the Congress can hold accountable for Government's success or failure in meeting a given need.

No wonder bureaucracy has sometimes been described as "the rule of no one." No wonder the public complains about programs which simply seem to drift. When elected officials cannot hold appointees accountable for the performance of government, then the voters' influence on government's behavior is also weakened.

ORGANIZING AROUND GOALS

As we look at the present organization of the Federal Government, we find that many of the existing units deal with methods and subjects rather than with purposes and goals. If we have a question about labor we go to the Labor Department and if we have a business problem we go to the Commerce Department. If we are interested in housing we go to one department and if we are interested in highways we go to another.

The problem is that as our society has become more complex, we often find ourselves using a variety of means to achieve a single set of goals. We are interested, for example, in economic development -- which requires new markets, more productive workers and better transportation systems. But which department do we go to for that? And what if we want to build a new city, with sufficient public facilities, adequate housing, and decent recreation areas -- which department do we petition then?

We sometimes seem to have forgotten that government is not in business to deal with subjects on a chart but to achieve real objectives for real human beings. These objectives will never be fully achieved unless we change our old ways of thinking. It is not enough merely to reshuffle departments for the sake of reshuffling them. We must rebuild the executive branch according to a new understanding of how government can best be organized to perform effectively.

The key to that new understanding is the concept that the executive branch of the government should be organized around basic goals. Instead of grouping activities by narrow subjects or by limited constituencies, we should organize them around the great purposes of government in modern society. For only when a department is set up to achieve a given set of purposes, can we effectively hold that department accountable for achieving them. Only when the responsibility for realizing basic objectives is clearly focused in a specific governmental unit, can we reasonably hope that those objectives will be realized.

When government is organized by goals, then we can fairly expect that it will pay more attention to results and less attention to procedures. Then the success of government will at last be clearly linked to the things that happen in society rather than the things that happen in government.

Under the proposals which I am submitting, those in the Federal Government who deal with common or closely related problems would work together in the same organizational framework. Each department would be given a mission broad enough so that it could set comprehensive policy directions and resolve internally the policy conflicts which are most likely to arise. The responsibilities of each department would be defined in a way that minimizes parochialism and enables the President and the Congress to hold specific officials responsible for the achievement of specific goals.

These same organizational principles would also be applied to the internal organization of each department. Similar functions would be grouped together within each new entity, making it still easier to delegate authority to lower levels and further enhancing the accountability of subordinate officials. In addition, the proposals I submit today include a number of improvements in the management of Federal programs, so that we can take full advantage of the opportunities afforded us by organizational restructuring.

The administration is today transmitting to the Congress four bills which, if enacted, would replace seven of the present executive departments and several other agencies with four new departments: the Department of Natural Resources, the Department of Community Development, the Department of Human Resources and the Department of Economic Affairs. A special report and summary -- which explain my recommendations in greater detail -- have also been prepared for each of the proposed new departments.

THE DEPARTMENT OF NATURAL RESOURCES

One of the most notable developments in public consciousness in recent years has been a growing concern for protecting the environment and a growing awareness of its highly interdependent nature. The science of ecology -- the study of the interrelationships between living organisms and their environments -- has experienced a sudden rise in popularity. All of us have become far more sensitive to the way in which each element of our natural habitat affects all other elements.

Unfortunately, this understanding is not yet reflected in the way our Government is organized. Various parts of the interdependent environment are still under the purview of highly independent Federal offices. As a result, Federal land policies, water programs, mineral policies, forestry practices, recreation activities and energy programs cannot be easily coordinated, even though the manner in which each is carried out has a great influence on all the others.

Again and again we encounter intragovernmental conflicts in the environmental area. One department's watershed project, for instance, threatens to slow the flow of water to another department's reclamation project downstream. One agency wants to develop an electric power project on a certain river while other agencies are working to keep the same area wild. Different departments follow different policies for timber production and conservation, for grazing, for fire prevention and for recreational activities on the Federal lands they control, though the lands are often contiguous.

We cannot afford to continue in this manner. The challenges in the natural resource field have become too pressing. Some forecasts say that we will double our usage of energy in the next 10 years, of water in the next 18 years, and of metals in the next 22 years. In fact, it is predicted that the United States will use more energy and more critical resources in the remaining years of this century than in all of our history up until now. Government must perform at its very best if it is to help the Nation meet these challenges.

I propose that a new Department of Natural Resources be created that would bring together the many natural resource responsibilities now scattered throughout the Federal Government. This Department would work to conserve, manage and utilize our resources in a way that would protect the quality of the environment and achieve a true harmony between man and nature. The major activities of the new Department would be organized under its five subdivisions: Land and Recreation Resources, Water Resources, Energy and Minerals Resources, Oceanic, Atmospheric and Earth Sciences, and Indian and Territorial Affairs.

The new Department of Natural Resources would absorb the present Department of the Interior. Other major programs which would be joined to it would include: The Forest Service and the soil and water conservation programs from the Department of Agriculture, planning and funding for the civil functions of the Army Corps of Engineers and for the civilian power functions of the Atomic Energy Commission, the interagency Water Resources Council, the oil and gas pipeline safety functions of the Department of Transportation, and the National Oceanic and Atmospheric Administration from the Department of Commerce. Because of their historical association with the Department of the Interior, the programs of the Bureau of Indian Affairs would be administered by the new Department until such time as an acceptable alternative arrangement could be worked out with Indian leaders and other concerned parties.

THE DEPARTMENT OF COMMUNITY DEVELOPMENT

A restless and highly mobile people, Americans are constantly creating new communities and renewing old ones throughout our land. In an era of rapid change, this process -- which once took generations -- can now be repeated in just a few years.

At the same time, the process of community development is becoming even more complex, particularly as the problems of urban and rural communities begin to merge. The elements of community life are many and the mark of a cohesive community is the harmonious way in which they interrelate. That is why we hear so much these days about the importance of community planning. And that is why it is essential that Federal aid for community development be designed to meet a wide range of related needs in a highly coordinated manner.

Often this does not happen under the present system. The reason is that the basic community development programs of the Federal Government are presently divided among at least eight separate authorities -- including four executive departments and four independent agencies.

A community that seeks development assistance thus finds that it has to search out aid from a variety of Federal agencies. Each agency has its own forms and regulations and timetables -- and its own brand of red tape. Each has its own field organizations, often with independent and overlapping boundaries for regions and districts. Sometimes a local community must consult with Federal offices in three or four different States.

The result is that local leaders often find it virtually impossible to relate Federal assistance programs to their own local development strategies. The mayor of one small town has observed that by the time he finishes dealing with eight Federal planning agencies, he has little time to do anything else.

Occasionally, it must be admitted, a community can reap unexpected benefits from this diffusion of Federal responsibility. The story is told of one small city that applied to six different agencies for help in building a sewage treatment plant and received affirmative responses from all six. If all the grants had been completed, the community would have cleared a handsome profit -- but at the Federal taxpayer's expense.

To help correct such problems, I propose that the major community development functions of the Federal Government be pulled together into a new Department of Community Development. It would be the overriding purpose of this Department to help build a wholesome and safe community environment for every American. This process would require a comprehensive series of programs which are equal to the demands of growing population and which provide for balanced growth in urban and rural areas. The new Department would operate through three major administrations: a Housing Administration, a Community Transportation

Administration and an Urban and Rural Development Administration. A fourth unit, the Federal Insurance Administration, would be set up administratively by the Secretary.

The new Department of Community Development would absorb the present Department of Housing and Urban Development. Other components would include certain elements of the Economic Development Administration and the Regional Commission programs from the Department of Commerce, the independent Appalachian Regional Commission, various Department of Agriculture programs including water and waste disposal grants and loans, the Rural Electrification Administration, and rural housing programs. The Community Action and Special Impact Programs of the Office of Economic Opportunity would be included, as would the Public Library construction grant program from the Department of Health, Education, and Welfare and certain disaster assistance functions now handled by the Office of Emergency Preparedness and the Small Business Administration. Most Federal highway programs and the Urban Mass Transportation Administration would be transferred from the present Department of Transportation.

I would note that while the Department of Transportation is a relatively new entity, it, too, is now organized around methods and not around purposes. A large part of the Department of Transportation would be moved into the new Department of Economic Affairs -- but those functions which particularly support community development would be placed in the Department which is designed to meet that goal.

THE DEPARTMENT OF HUMAN RESOURCES

The price of obsolete organization is evidenced with special force in those Government programs which are directly designed to serve individuals and families. In part this is because there has been so much new legislation in the human resource field in recent decades; the old machinery is simply overstrained by its new challenges. But whatever the reasons, human resource programs comprise one area in which the Government is singularly ill-equipped to deliver adequate results.

I have already commented on the broad dispersion of Federal health and education activities. Similar examples abound. Income support programs, including those which administer food stamps, welfare payments, retirement benefits and other forms of assistance, are scattered among three departments and a number of other agencies. The Department of Agriculture, the Department of Health, Education, and Welfare, and the Office of Economic Opportunity all handle food and nutrition matters. Child care programs, migrant programs, manpower programs, and consumer programs often suffer from similarly divided attention.

In one city, two vocational training centers were built three blocks apart at about the same time and for the same purpose, with money from two different Federal agencies. And for every case of overattention, there are many more of neglect. Consider the plight of a poor person who must go to one office for welfare assistance, to another for food stamps, to another for financial counseling, to still another for legal aid, to a fifth office for employment assistance, to a sixth place for job training, and to a number of additional offices for various kinds of medical help. The social worker who might guide him through this maze often works in still another location.

Such situations are clearly intolerable, yet the Federal Government -- which ought to be working to reform these confused systems -- actually is responsible for much of the confusion in the first place.

I believe that we can take a major step toward remedying such problems by establishing a new Department of Human Resources which would unify major Federal efforts to assist the development of individual potential and family well-being. This Department would be subdivided, in turn, into three major administrations: Health, Human Development, and Income Security.

This new Department would incorporate most of the present Department of Health, Education, and Welfare with the following significant additions: a number of food protection, food distribution and nutrition programs from the Department of Agriculture, the College Housing program from the Department of Housing and Urban Development, the independent Railroad Retirement Board, various programs from the Office of Economic Opportunity (including nutrition, health, family planning, alcoholism, and drug rehabilitation efforts), and the Manpower Administration, the Women's Bureau, the Unemployment Insurance Program and a number of other employment service and training activities from the Department of Labor.

THE DEPARTMENT OF ECONOMIC AFFAIRS

One of the first things most students learn about economics is that the material progress of our civilization has resulted in large measure from a growing division of labor. While a single family or a single community once provided most of its own goods and services, it now specializes in providing only a few, depending increasingly on a far-flung, intricate network of other people and other organizations for its full economic well-being.

The only way the Federal Government can deal effectively with such a highly interdependent economy is by treating a wide range of economic considerations in a comprehensive and coordinated manner. And -- as our Gross National Product moves beyond the trillion dollar level and as our productive system, which now accounts for approximately 40 percent of the world's wealth, encounters new challenges from other nations -- it is becoming even more important that Federal economic policies be carried out as effectively as possible.

But again, the organization of the Government works against the systematic consideration of economic complexities. The step by step evolution of our Federal machinery has created a series of separate entities -- each handling a separate part of the economic puzzle. Some of these entities are relatively autonomous units within departments. Others are independent agencies. But perhaps the most dramatic evidence of our fragmented approach to the economy is the existence of four major executive departments which handle highly interdependent economic matters: Commerce, Labor, Agriculture, and Transportation

This situation can seriously impair governmental efforts to respond effectively to economic challenges. One department, for example, may be concerned with the raw materials a given industry receives from the farms, while a second department is concerned with getting these materials to the factory and getting the product to its market. Meanwhile, a third department is concerned with the workers who harvest the crops, run the transportation systems and manufacture the product, while a fourth department is concerned with the businessmen who own the plant where the product is made and the stores where it is merchandised.

Such a division of responsibility can also create a great deal of overlap. The Agriculture Department, for instance, finds that its interest in agricultural labor is shared by the Labor Department, its regard for agricultural enterprise is shared by the Small Business Administration, and its concern for providing sufficient transportation for farm products is shared by the Department of Transportation. The Commerce, Labor and Agriculture Departments duplicate one another in collecting economic statistics, yet they use computers and statistical techniques which are often incompatible.

It has sometimes been argued that certain interest groups need a department to act as their special representative within the Government. In my view, such an arrangement serves the best interests of neither the special group nor the general public. Little is gained and much can be lost, for example, by treating our farmers or our workers or other groups as if they are independent participants in our economic life. Their problems cannot be adequately treated in isolation; their well-being is intimately related to the way our entire economy functions.

I would not suggest these reforms if I thought they would in any way result in the neglect of farmers, workers, minorities or any other significant groups within our country. To the contrary, I propose these reforms because I am convinced they will enable us to serve these groups much better. Under my proposals, the new Department of Economic Affairs would be in a much stronger position really to do something about the wide-ranging factors which influence farm income than is the present Department of Agriculture, for example. It could do more to meet the complex needs of workingmen and women than can the present Department of Labor. It would be able to pull together a wider range of resources to help minority businessmen than can the present Department of Commerce.

Federal organization in the economic area has been the target of frequent criticism over the years. During the previous administration alone, two special studies of executive organization recommended that it be substantially altered. I have received a similar recommendation from my Advisory Council on Executive Organization.

I am therefore recommending to the Congress that a new Department of Economic Affairs be established to promote economic growth, to foster economic justice, and to encourage more efficient and more productive relationships among the various elements of our economy and between the United States economy and those of other nations. As this single new Department joined the Treasury Department, the Council of Economic Advisers and the Federal Reserve Board in shaping economic policy, it would speak with a stronger voice and would offer a more effective, more highly integrated viewpoint than four different departments can possibly do at present. The activities of the new Department would be grouped under the following six administrations: Business Development, Farms and Agriculture, Labor Relations and Standards, National Transportation, Social, Economic, and Technical Information and International Economics.

The new Department of Economic Affairs would include many of the offices that are now within the Departments of Commerce, Labor and Agriculture. A large part of the Department of Transportation would also be relocated here, including the United States Coast Guard, the Federal Railroad Administration, the St. Lawrence Seaway Development Corporation, the National Transportation Safety Board, the Transportation Systems Center, the Federal Aviation Administration, the Motor Carrier Safety Bureau and most of the National Highway Traffic Safety Administration. The Small Business Administration, the Science Information Exchange program from the Smithsonian Institution, the National Institute for Occupational Health and Safety from the Department of Health, Education, and Welfare and the Office of Technology Utilization from the National Aeronautics and Space Administration would also be included in the new Department.

OTHER ORGANIZATIONAL REFORMS

Regrouping functions among departments can do a great deal to enhance the effectiveness of government. It should be emphasized, however, that regrouping functions within departments is also a critical part of my program for executive reform. Just as like tasks are grouped together within a given department, so similar operations should be rationally assembled within subordinate units. Such a realignment of functions, in and of itself, would make it much easier for appointed officials to manage their agencies and for both the President and the Congress to see that their intentions are carried out.

Toward this same end, I am recommending to the Congress a number of additional steps for bringing greater managerial discipline into Government. In the first place, I am proposing that the Department Secretary and his office be considerably strengthened so that the man whom the President appoints to run a department has both the authority and the tools to run it effectively. The Secretary would be given important managerial discretion that he does not always enjoy today, including the ability to appoint many key department officials, to delegate authority to them and to withdraw or change such delegations of authority, and to marshal and deploy the resources at his command so that he can readily focus the talent available to him at the point of greatest need.

Each of the new Secretaries would be provided with a Deputy Secretary and two Under Secretaries to help him meet his responsibilities. In addition, each major program area within a department would be headed by a high-level administrator who would be responsible for effectively managing a particular group of related activities. These officials would be appointed by the President and their appointments would be subject to Senate confirmation.

It is my philosophy that we should give clear assignments to able leaders -- and then be sure that they are equipped to carry them out. As a part of this same effort, we should do all we can to give the best new management tools to those who run the new departments. There is no better time to introduce needed procedural changes within departments than a time of structural change among departments. We can reap great benefits if we take advantage of this opportunity by implementing the most advanced techniques and equipment for such tasks as planning and evaluation, data collection, systematic budgeting, and personnel administration.

Finally, I would again stress in this message -- as I have in my discussions of revenue sharing -- the importance of decentralizing government activities as much as possible. As I have already observed, the consolidation of domestic departments would do a great deal to facilitate decentralization, since it would produce fewer interagency disputes that require resolution at higher levels. It is also true, as many management experts have pointed out, that as the reliability and scope of information expand at higher levels of government, officials can delegate authority to lower levels with greater confidence that it will be used well.

In addition to the consolidation of functions, I am also proposing a reform of the field structures of the Federal Government that would also promote decentralization. Each Department, for example, would appoint a series of Regional Directors who would represent the Secretary with respect to all Department activities in the field. Planning, coordination and the resolution of conflicts could thus be more readily achieved without Washington's involvement, since there would be a "Secretarial presence" at the regional level. Further coordination at lower levels of government would be provided by strengthening the ten Regional Councils which include as members the Regional Directors of various departments in a given area of the country.

In the first months of my administration I moved to establish common regional boundaries and regional headquarters for certain domestic departments. I observed at that time that the Federal Government has never given adequate attention to the way in which its departments are organized to carry out their missions in the field. It is now time that we remedied this pattern of neglect. Even the best organized and best managed departments in Washington cannot serve the people adequately if they have to work through inadequate field structures.

Industry and government both have found that even the largest organizations can be run effectively when they are organized according to rational principles and managed according to sound techniques. There is nothing mystical about these principles or these techniques; they can be used to make the Federal Government far more effective in a great many areas.

THE CENTRAL QUESTION

Ever since the first settlers stepped upon our shores more than three centuries ago, a central question of the American experience has been: How do we best organize our government to meet the needs of the people? That was the central question as the colonists set up new governments in a new world. It was the central question when they broke from their mother country and made a new nation. It was the central question as they wrote a new Constitution in 1787 and, at each critical turning point since that time, it has remained a dominant issue in our national experience.

In the last forty years, as the Federal Government has grown in scope and complexity, the question of how it should be organized has been asked with even greater intensity and relevance. During this time, we have moved to formulate responsive answers to this question in an increasingly systematic manner. Searching studies of Government management and organization have been made under virtually every national administration since the 1930s and many needed reforms have resulted.

What is now required, however, is a truly comprehensive restructuring of executive organization, one that is commensurate with the growth of the Nation and the expansion of the government. In the last twenty years alone our population has increased by one-third and the Federal budget has quintupled. In the last two decades, the number of Federal civilian employees has risen by almost 30 percent and the domestic programs they administer have multiplied tenfold. Three executive departments and fourteen independent agencies have been tacked on to the Federal organization chart during that brief span.

Yet it still is the same basic organization chart that has set the framework of governmental action for decades. While there have been piecemeal changes, there has been no fundamental overhaul. Any business that grew and changed so much and yet was so patient with old organizational forms would soon go bankrupt. The same truth holds in the public realm. Public officials cannot be patient with outmoded forms when the people have grown so impatient with government.

Thomas Jefferson once put it this way: "I am certainly not an advocate for frequent and untried changes in laws and constitutions," he wrote, "but...laws and institutions must go hand in hand with the progress of the human mind. As that becomes more developed, more enlightened, as new discoveries

are made, new truths disclosed, and manners and opinions change with the change of circumstances, institutions must advance also, and keep pace with the times."

"Institutions must advance." Jefferson and his associates saw that point clearly in the late 18th century, and the fruit of their vision was a new nation. It is now for us -- if our vision matches theirs -- to renew the Government they created and thus give new life to our common dreams.

RICHARD NIXON

THE WHITE HOUSE,

March 25, 1971.

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FOR IMMEDIATE RELEASE APRIL 5, 1969

Office of the White House Press Secretary
(Key Biscayne, Florida)

THE WHITE HOUSE

The President announced today the appointment of a President's Advisory Council on Executive Organization to undertake a thorough review of the organization of the Executive Branch of Government.

Named as Chairman of the Council was Roy L. Ash, President of Litton Industries, Inc., Beverly Hills, California.

Members are Dean George Baker of Harvard University's Graduate School of Business Administration, Boston, Massachusetts; former Texas Governor John B. Connally, now a member of the Houston law firm of Vinson, Elkins, Weems, and Searls; Frederick R. Kappel, chairman of the Executive Committee, American Telephone and Telegraph Company, New York; and Richard M. Paget of the New York management consultant firm of Cresap, McCormick, and Paget.

At the President's direction, the newly formed Advisory Council on Executive Organization -- which follows by only eight days the President's signing of the Reorganization Act, one of the first completed actions of the 91st Congress will provide over-all and specific recommendations for improved effectiveness. It will deal with both immediate and long-range needs for organizational changes to make the Executive Branch a more effective instrument of public policy.

The Council will consider: (1) The organization of the Executive branch as a whole in light of today's changing requirements of government; (2) Solutions to organizational problems which arise from among the 150 plus departments, offices, agencies and other separate Executive organizational units; and (3) The organizational relationships of the federal government to states and cities in carrying out the many domestic programs in which the federal government is involved.

Although it is planned that staff assistance will be provided by the Budget Bureau's Office of Executive Management, the Council will have direct access to the President. Contacts with the Congress, the states and localities, and other interested entities will be handled through established government channels.

The Council will work closely with the Office of Intergovernmental Relations established by the President under the supervision of the Vice President to serve as the liaison between state and local governments and the President.

Mr. Ash has called the first meeting of the Council for April 10 in Washington D.C.

Mr. Ash has been President of Litton Industries, Inc., since 1961. He was vice president from 1953 to 1958 and executive vice president from 1958 to 1961.

Prior to serving as an executive with Litton Industries, Mr. Ash was chief financial officer of Hughes Aircraft Company from 1949 to 1953. He was affiliated with Bank of America from 1936 to 1942 and again from 1947 to 1949, and has served as a member of the board of directors.

He has also been a director for various Litton subsidiaries.

Mr. Ash was graduated from Harvard University in 1947 with a master of business administration degree.

His civic activities include membership on the board of regents for Marymount College and Loyola University, board member for St. John's Hospital in Santa Monica, and membership on the Los Angeles World Affairs Council and the American Management Association.

Ash was born in Los Angeles, California on October 20, 1913. He married the former Lila M. Hornbek on November 13, 1943. They have five children. Their residence is Beverly Hills, California.

Mr. Ash worked with President-Elect Nixon after the November election on ways in which to improve management and efficiency in government.

Dean Baker graduated from Harvard University in 1925 and received his Doctor of philosophy degree in 1934. He has served Harvard since 1925 and was named Dean of the Graduate School of Business Administration in 1962. He has served in many departments of the Executive Branch; in 1947 he was named vice chairman of the President's Air Policy Commission, and from 1946 to 1956 served as the United States member of the United Nations Transport and Communications Commission. Dean Baker married Ruth P. Bremer in 1926; they have four children.

The Honorable John B. Connally served as Secretary of the Navy in 1961, and as Governor of Texas from 1962 until 1969. Prior to 1950, he was president and general manager of the Austin radio station KVET and administrative assistant to the then Senator Lyndon B. Johnson. Governor and Mrs. Connally have three children.

Mr. Kappel began with Northwestern Bell Telephone Company in 1924. He held several positions with Northwestern Bell until 1949 when he was selected as an assistant vice president of American Telephone and Telegraph Company. He became president in 1956 and in 1967 was elected chairman of the Executive Committee. Mr. Kappell has served as chairman of the President's Committee on Postal Organization, and also as chairman of the Commission on Executive, Legislative and Judicial Salaries.

Married to the former Ruth Carolyn Ihm, they have two children.

Mr. Paget was a partner in the management consultant firm of Booz, Allen, and Hamilton before assuming his present position with Cresap, McCormick, and Paget, in New York. He holds a bachelor of science degree from Northwestern University. He serves as a director of the Prudential Insurance Company of Great Britain and Atlas Chemical Industries; and as a trustee of the U.S. Trust Company, the Union Dime Savings Bank, and the Metropolitan Museum of Art, all of New York. He is chairman of the Board of Trustees of the Parsons School of Design, New York. He and Mrs. Paget, the former Inez Bouvea, have two children.

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Appointment of Walter N. Thayer

to the Council

Subsequent to the formation of the President's Advisory Council on Executive Organization, President Nixon, June 2, 1969, announced the appointment of Walter N. Thayer as a Special Consultant to the President and as a member of the Council. In that announcement, the President noted that Mr. Thayer would be devoting essentially all of his time to securing and organizing the Council's staff and directing its activities.

Thayer is President of Whitney Communications Corporation and a partner in Whitcom Investment Company, both of New York. He was graduated from Colgate University in 1931 and received his LL.B. from Yale in 1935. From 1941 until 1942, he served as an attorney with the Lend-Lease Administration in Washington, D.C., and was a member of the Harriman Mission in London from 1942 to 1945. He served as general counsel to the Foreign Economic Administration during 1945. From 1961 until 1966, he was the President of the New York Herald Tribune.

Thayer was married to the former Jeanne Cooley Greeley in 1945.

PRESIDENTIAL MEMORANDA

OF THE

PRESIDENT'S ADVISORY COUNCIL ON EXECUTIVE ORGANIZATION

1. The Executive Office of the President
   August 20, 1969

2. Proposed Organization of the Executive Office of the President
   October 17, 1969

3. Oceanography and Atmospheric Programs Organization
   January 16, 1970

4. Proposed Reorganization of the Federal Organized Crime Strike Force Program
   January 16, 1970

5. Overseas Organization of the Federal Government to Deal with Traffic in Narcotics
   January 16, 1970

6. Report on Selected Activities in the Executive Office of the President
   January 20, 1970

7. Federal Organization for Environmental Protection
   April 29, 1970

8. The Establishment of a Department of Natural Resources
   May 12, 1970*

9. Federal Organization to Control Drug Abuse
   June 25, 1970

10. The Independent Regulatory Agencies
    July 10, 1970

11. Organization for Foreign Economic Affairs
    August 17, 1970

12. The Executive Office of the President - An Overview
    October 26, 1970

13. Organization for Social and Economic Programs
    November 19, 1970*

*Released by President Nixon
February 5, 1971

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

DATE: May 24, 1971

REPLY TO ATTN OF: OMSD/PDRP

SUBJECT: Testimony for Roy Ash

- Andy Rouse

I have read the testimony prepared for Roy Ash which I received over the weekend. In most respects it looks very good indeed.

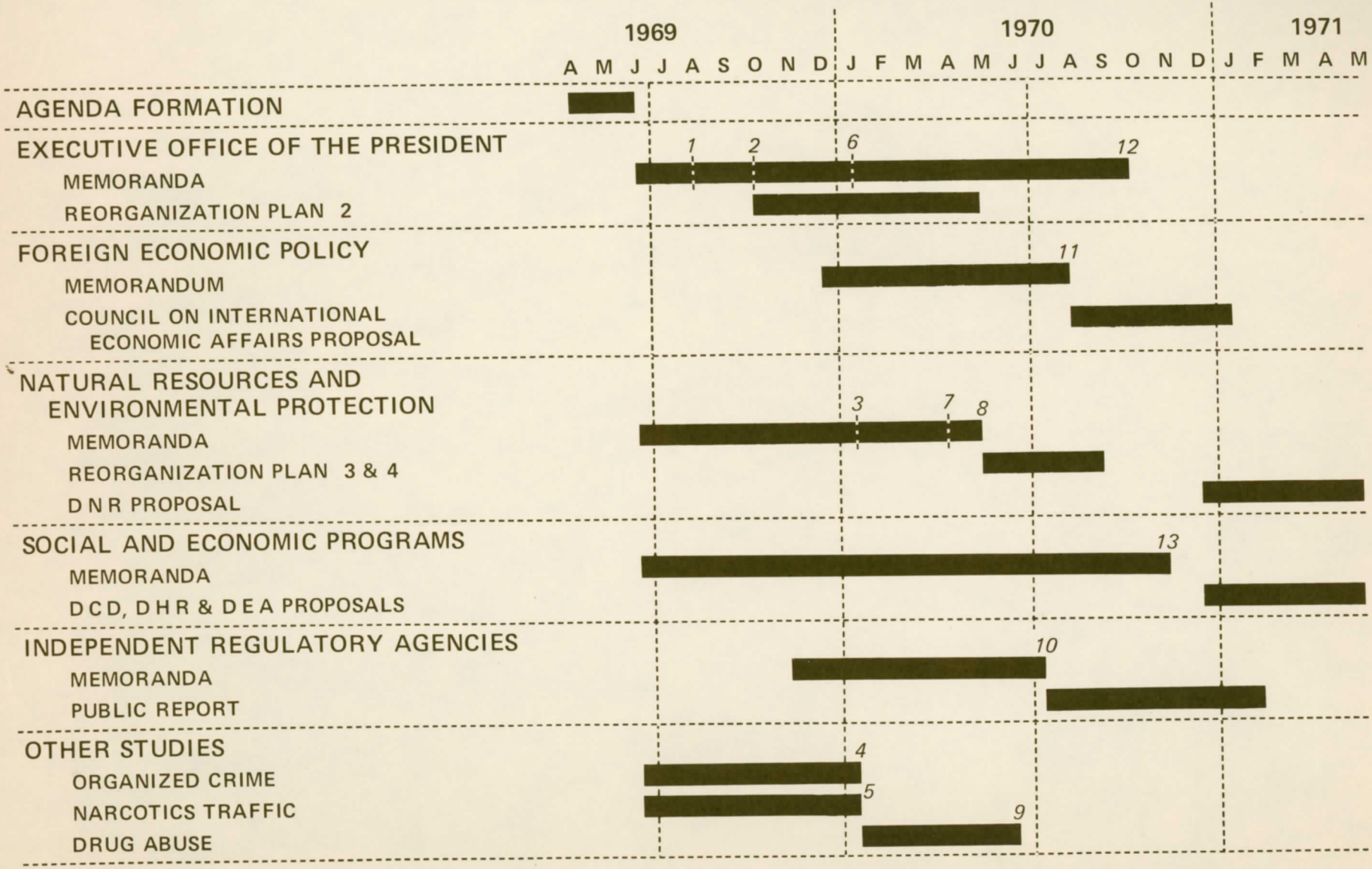
I do wish to alert you to a possible flap, so that Mr. Ash may be fully prepared should it surface during the hearings. While in the office on Sunday, I received a telephone call from Mr. Ahab, who said that he understood Mr. Ash would come out in opposition to departmental status for the Whaling Commission. (Apparently, your office has a leak of some sort.) Mr. Ahab called my attention to the April 7 resolution in which the American Whalers Association unanimously recommended that the Government's whaling functions be accorded departmental status. He pointed out that this industry is in great trouble and nothing short of immediate access to the President will suffice.

I stressed to Mr. Ahab that having whaling functions in a strong Natural Resources Department would assure more effective decisionmaking than separate departmental status. I am not sure I convinced him. He said that we may hear from him again upon his return from his next voyage.

Alan L. Dean
Staff Coordinator

SCHEDULE OF ACTIVITIES

PRESIDENT'S ADVISORY COUNCIL ON EXECUTIVE ORGANIZATION



The above numbers correspond to Council memoranda listed on page