

THE WHITE HOUSE

WASHINGTON

November 30, 1973

ACTION

MEMORANDUM FOR:

THE PRESIDENT

FROM:

~~ROBERT L.~~ ASH

SUBJECT:

Next Steps: President's Departmental
Reorganization Program

I. BACKGROUND

In March, 1971 you submitted legislation seeking to create four major new Cabinet Departments for Natural Resources, Community Development, Human Resources, and Economic Affairs.

After more than two years of working with the Congress, only the legislation calling for creation of the Department of Energy and Natural Resources (DENR) is now actively being considered. We have recently agreed to split from the DENR bill that portion which calls for the restructuring of AEC into an all purpose Energy Research and Development Administration and a separate regulatory Nuclear Energy Commission. This legislation has a good chance for passage if it is properly backed, and if we can avoid adverse impact from other bills at this time.

II. DISCUSSION

The three remaining major departmental reorganization bills have not been resubmitted to the Congress. Since you are on record as strongly favoring these initiatives, your concurrence in a new course of action is sought.

Presumably, we have the options of either doing nothing further with these bills, or of resubmitting them to Congress as originally drafted and pressing once more for action. Neither of these options, however, seem realistic. There is no practical hope that Congress will act on all four bills, and the confusion created by submitting three new bills could seriously jeopardize the chances of DENR passage. However, Congressional inaction is not a valid reason to drop these important initiatives. Moreover, it is important to keep the public aware of the need for

organizational reform and to do nothing publicly that would indicate you are pulling back from these initiatives.

I have worked with Secretaries Lynn, Brinegar, Weinberger, Butz, and others to develop a course of action which will substantially improve the political feasibility of these proposals while retaining the basic concept and intent. Bryce Harlow, Bill Timmons, and Ken Cole concur with the recommendations below. Mel Laird has declined to take a position at this time.

1. The Department of Energy and Natural Resources (DENR) and the Energy Research and Development Administration (ERDA) were submitted as combined legislation in August. We have now agreed to split this bill, pressing hard for ERDA immediately. We should continue, however, to back DENR, recognizing that it will be harder to get Congressional attention because of the split.

Recommendation: Press hard for immediate action on ERDA. Continue publicly to support DENR working with Congress, and making changes to meet realistic Congressional concerns.

Agree _____ Disagree _____

2. The Department of Community Development (DCD) has encountered serious resistance largely from rural and high-way interests. In addition, your recently proposed policies for community development and housing assistance reduce the viability of HUD or even DCD as a separate Department. Until Congressional action on these policy issues provides a better indication of future program direction, we cannot come down on the organizational issues with confidence.

Recommendation: Defer resubmission of DCD legislation. In the meantime, continue to evaluate progress on policy issues and consider alternative organizational arrangements. Point toward submitting a new proposal for your decision by February 28, 1974.

Agree _____ Disagree _____

3. The Department of Human Resources (DHR) proposal is still sound as an organization concept. Secretary Weinberger believes that this legislation should be resubmitted to Congress, and HEW given approval to press it. However, some opposition can be expected, and this bill could impede progress on DENR. Moreover, reconsideration of DCD and the Department of Economic Affairs (below) could lead to a different organizational arrangement for DHR than currently envisioned.

Recommendation: Defer resubmission of DHR legislation, making final recommendations to you by February 28, 1974. In the meantime, however, as we consider the 1975 budget and other issues, we may submit recommendations for some interim moves (e.g., program transfers) that are consistent with the general thrust of DHR.

Agree _____ Disagree _____

4. Although the Department of Economic Affairs (DEA) has gained little support, it serves two important purposes: it is a serious organization proposal in its own right, and it rounds out the total package, making clear where the residual elements of departments affected elsewhere will fit in the final structure. It is obvious, however, that the entire proposal must be reassessed both as it fits and how it can be made politically acceptable. The economic climate has brought economic affairs increasingly into the front rank of Administration concerns. It is, therefore, timely to give careful reconsideration to the organization dimensions of the Federal role. There may also be greater Congressional interest in a newly conceived organization proposal.

Recommendation: OMB will direct a complete reassessment of this proposal with a further recommendation to you by February 28, 1974.

Agree _____ Disagree _____