

3 Statement About the Redirection of Executive Branch Management. *January 5, 1973*

THE NEED to revitalize and streamline the Federal Government in preparation for America's third century is one of the most urgent imperatives confronting this Administration and the Congress as we approach the Bicentennial year that begins less than 3 years from now.

Americans can feel in their everyday lives the effects of a Federal establishment that in recent decades has become increasingly wasteful, inefficient, and expensive, more and more meddlesome in the affairs of individuals and lower levels of government, and too often unresponsive both to the people whom it exists to serve and to the Presidents whom the people elect to administer it.

NEEDED: EXECUTIVE REFORM

This is why I early proclaimed reform as a watchword of my Administration. This is why I moved to rescue the Postal Service from political pressures and bureaucratic tangles. This is why I commissioned wide-ranging studies by the President's Advisory Council on Executive Organization in 1969. This is why I followed up on those studies by establishing the Office of Management and Budget, the Domestic Council, and the Environmental Protection Agency by reorganization plans in 1970, and by proposing legislation early in 1971 to replace seven outmoded, constituency-oriented Cabinet departments and a number of independent agencies with four streamlined, goal-oriented departments fitted to the needs of the future.

During the 19 months that these reor-

ganization proposals were before the 92d Congress, valuable groundwork for their enactment was laid in hearings and staff work, and refinements to the legislation were added by the Administration. Although progress fell short of my hopes, I am determined to continue building on that progress by resubmitting similar legislation to the Congress in 1973.

I trust that the Members of the House and Senate received the same message that I did when we went to the people last fall—the message that Americans are fed up with wasteful, musclebound government in Washington and anxious for change that works—and I hope that both Houses will respond constructively to this new opportunity to work with us in producing such change.

WHAT CAN BE DONE NOW

During the past few weeks I have had extensive discussions with outgoing and incoming members of the Cabinet and with many other knowledgeable individuals about how we can do a better job of managing the affairs of government over the next 4 years. I have also had the benefit of studies prepared by all departmental executives pursuant to my request that each consider ways of improving his own operations.

The principal roadblocks to better government which we have identified in this review process are the same ones that prompted my 1971 reorganization proposals to the Congress. One problem is that most of today's major governmental goals and activities cross existing depart-

mental lines in a way that makes coherent policy formation and effective management extremely difficult. A second major problem is that the creation of several new departments and numerous other agencies and offices over the last 40 years has resulted in more officials reporting directly to the President than any one man can work with regularly on a personal basis.

This tangle must be resolved in a way that will make the advice and recommendations of all these officials available to the President for his use in forming policy and carrying out operations. Bureaucratic bottlenecks must be cleared to facilitate the flow of information and advice within the structure of the executive branch. More effective means must be devised for conveying policy guidance from the President to all operating executives and for making sure that guidance is followed.

The fundamental responsibility and prerogative for reorganizing the operating departments and agencies rests with the people's elected legislators. The President cannot relieve them of it; but the President can and should do everything within his power to apply on a smaller scale, at the staff levels closest to him, those organizational principles which he asks the Congress to apply on a giant scale across the whole Federal establishment.

Though the actual integration of fragmented departmental operations must wait on Congressional action, the broadening of policy perspectives on the part of top managers and advisers can be achieved at once. Similarly, we can and will begin now to realize, at least within the Executive Office of the President, the increased efficiency and economy which thinned-out organization charts and leaner personnel rolls would bring to the

whole executive branch under full-scale reorganization.

I am therefore today taking the first of a series of steps aimed at increasing the management effectiveness of both the Cabinet and the White House Staff, by reordering the timeworn and, in many cases, obsolete relationships among top staff and line officials to the full extent of my legal authority to do so.

NEW CABINET AND STAFF RELATIONSHIPS

As far as personalities are concerned, the plans of most key members of the White House Staff have already been announced. Though I regret the departure of a number of individuals who rendered outstanding service during the first term, I am pleased to be entering the new term with a team of men and women of the high caliber represented by Anne Armstrong, H. R. Haldeman, John Ehrlichman, Henry Kissinger, Roy Ash, George Shultz, Peter Flanigan, Bill Timmons, and their many capable colleagues.

From a managerial standpoint, the nucleus of this staff will be five Assistants to the President. They will work immediately under me; and at my direction, to integrate and unify policies and operations throughout the executive branch of the Government, and to oversee all of the activities for which the President is responsible. They will be charged with ensuring that full information, candid analysis, and a complete range of recommendations and options flow continuously into the Presidential decisionmaking process from all of the executives on my Administration team.

These five Assistants, with their areas of responsibility and authority, are: administration of the White House Office, Mr.

Haldeman; domestic affairs, Mr. Ehrlichman; foreign affairs, Dr. Kissinger; executive management, Mr. Ash; and economic affairs, Mr. Shultz. As previously announced, Mr. Shultz will continue to hold his line position as Secretary of the Treasury, and Mr. Ash will do likewise as Director of the Office of Management and Budget.

Within the field of domestic affairs, in order to achieve some of the same benefits of goal-oriented policy formation and advice to the President which would result from creation by the Congress of unified Departments of Natural Resources, Human Resources, and Community Development, I have decided to ask the heads of three of the present departments to serve simultaneously as Counsellors to the President with coordinating responsibilities in these three broad areas of concern.

Earl L. Butz, Secretary of Agriculture, will take on the additional post of Counsellor for Natural Resources. Caspar Weinberger, Secretary-designate of Health, Education, and Welfare, will become Counsellor for Human Resources, James Lynn, Secretary-designate of Housing and Urban Development, will become Counsellor for Community Development.

To facilitate a close working relationship with the President and the Assistant in charge of domestic affairs, each of these Counsellors will have an office in the Old Executive Office Building next to the White House.

To bring about better operational coordination and more unified policy development within the three subject areas to be supervised by the Counsellors, each will chair a committee of the Domestic Council made up of those department and

agency heads having substantial responsibilities in his area. These committees will provide a mechanism for interdepartmental cooperation on the problems of natural resources, human resources, and community development in somewhat the same way as the new Council on Economic Policy (formation of which was announced last month)¹ will do in the economic affairs area under the chairmanship of the Assistant to the President in charge of economic affairs. The specific concerns and organizations falling within each of these subject areas will generally be those assigned to the proposed new departments as described in my revised reorganization proposals.

OPERATIONAL LINES AND CONGRESSIONAL RELATIONSHIPS UNCHANGED

It should be understood that the functions of all 11 executive departments and of all the independent agencies of the Federal Government will continue under these arrangements precisely as they are at present. Only the passage of legislation or the acceptance of reorganization plans by the Congress can alter those functions. It should also be understood that each department Secretary and agency head will continue to exercise full authority and to bear full responsibility in the management of his or her own organization as prescribed by law. Further, I would emphasize that existing Congressional relationships with these various organizations and with their top officials will remain unchanged.

The individual department heads and

¹ See 1972 volume, Appendix E, pp. E-4 to E-6.

the Counsellors will routinely report to me via the appropriate Assistant to the President, but will continue to work directly with me on important policy matters. Here let me state my opinion that the 11 men whom I have chosen as department heads in the new Cabinet are one of the strongest executive combinations ever put together here in Washington, in terms of management ability, personal integrity, and commitment to public service. Each has been selected and has accepted his selection on a basis of complete mutual trust, and of firm conviction that the arrangements announced today will serve every Secretary's own interest as well as the public interest, by enabling all the Secretaries to do a better job. I look forward to working closely with all of them during the next 4 years.

The Cabinet as a whole will continue to function as it has done during the past 4 years. The major Cabinet-level work will be done in constituent bodies including the National Security Council, Domestic Council, Council on Economic Policy, and Council on International Economic Policy. The non-Cabinet Council of Economic Advisers and Council on Environmental Quality will continue to carry out the advisory functions prescribed for them by statute.

The non-regulatory independent agencies and offices will, in a few cases, continue to report directly to me, but most will hereafter report to me through the appropriate Counsellor or Assistant, depending upon the degree of the President's statutory responsibility and authority for their operations. The regulatory agencies will hereafter communicate with my office through the Counsel to the President, as appropriate.

Counsellors Butz, Weinberger, and Lynn, with the support of the committees which they will head, will be able to provide much of the advice and supervision for which Presidents in the past have had to turn to domestic policy establishments within the White House. The Counsellors will also be able to resolve with their colleagues at the Secretarial level many interdepartmental issues which have heretofore required arbitration by the President or his staff.

One consequence is that the staff of the Domestic Council can be cut back by about 55 percent—from 66 people at present to 30 people when the new Cabinet/Staff structure is in place. But the Domestic Council is only one part of a large, disparate aggregation of entities that makes up what is called the Executive Office of the President (EOP).

The EOP was created in 1939 to give the President immediate staff assistance and direct control over the management and budget functions of the Government. From an original base of four organizations and 570 people, it has mushroomed more than sevenfold in employment over the past 33 years, as successive Congresses and Presidents have created new ad hoc problemsolving entities under the Chief Executive's immediate control rather than come to grips with the more fundamental need to revitalize the bureaucracy itself as an effective problemsolving instrument.

In order to spur such a revitalization, and to disengage the Executive Office of the President from operational activity so that the President can devote his time and

attention to overall policy formation and direction, I am now taking action to cut the total personnel of the Executive Office of the President by well over half, and to reduce substantially the number of organizations which now make up the EOP.

Through a combination of Presidential directives, reorganization plans, and budgetary changes, I shall reassign or propose reassignment of most of the activities currently carried on by a number of organizations within the Executive Office of the President to appropriate line departments and agencies. Specific changes will be announced as they are effected.

THE NEED TO DECENTRALIZE

Throughout the middle third of the 20th century, power flowed to the center at every level of American government. It was a development which often seemed beneficial in the short run, indeed one which crisis rhetoric frequently insisted was "the only answer;" yet as the decades stretched out it proved to have seriously sapped the vitality of our system.

The vigor and independence of State and local government ebbed as Washington's power grew. In the Federal Government, the President's ability to manage effectively was increasingly hamstrung, and his chief lieutenants, the Cabinet Secretaries, were steadily weakened by the balkanization of the departments and agencies and the resultant ill-planned growth of the Executive Office of the President.

Now the age of centralism in American government is ending. The beginning of revenue sharing has turned the tide within the Federal system. The reorganization proposals which I have been advocating for almost 2 years now would do the same within the executive branch. The measures I am announcing today will put the principles of those proposals into practice everywhere that my administrative authority reaches.

I am confident that these measures will enhance my ability to deliver between now and 1977 what the people voted for in 1972: government that performs what it promises, and 100 cents worth of public services for every tax dollar spent. I believe they will contribute to that "energy in the executive" which Hamilton called "a leading character in the definition of good government."

And as these changes demonstrate their worth, I hope the Congress will accept this practical proof and join me in adopting throughout the executive branch the same concepts on which I am now patterning my own staff and Executive Office.

NOTE: On the same day, the White House released the transcript of a news briefing on the plans for redirecting executive branch management by John D. Ehrlichman, Assistant to the President for Domestic Affairs.

Earlier in the day, the President held a breakfast meeting with the bipartisan leadership of the Congress to discuss topics including the organization of the executive branch.