

7 Executive Departments Would Be Merged Into 4

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WASHINGTON, Jan. 21— Under the reorganization plan, the Departments of Agriculture, Commerce, Labor and Transportation would disappear as separate entities. Many of their functions—often parallel, sometimes conflicting—would be combined in a new department of economic development.

The Departments of Interior, Housing and Urban Development, and Health, Education and Welfare, would lose their present names but become the cores of the new departments of natural resources, community development, and human resources.

In addition, the four new departments would absorb several now-independent agencies like the Office of Economic Opportunity, the antipoverty agency. The changes would result in eight executive departments instead of 11. The 12th present department, Post Office, is scheduled to become a corporation next August.

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The President's proposal would call for the most extensive revision in the Cabinet since the creation in 1789 of the first four departments—State, Treasury, and what are now known as Defense and Justice.

These would be the only departments unaffected by the reorganization plan, according to senior officials.

The reorganization plans were outlined to the Cabinet at a three-hour meeting on Tuesday, which was also attended by about 30 other officials.

George P. Shultz, Director of the Office of Management and Budget, explained the plans, informants said. At the end of the long session, the President made a stirring speech, which one listener said "gave us a real sense of history."

Officials acknowledged today that protracted controversy lies ahead. In the words of one informant, "the battle is likely to be bloody" when interest groups find out that there will be, for example, no more separate Department of Agriculture.

But the fight is regarded as worth the effort, officials said, because the Government cries out for rational structure after three decades of mushrooming growth and proliferation.

Two Major Problems

Officials are known to believe that this growth has resulted in two major problems. One is the wide fragmentation of social programs into narrow, unrelated grant-in-aid agencies. The other is inevitable, harmful competition with Mayors and Governors.

These problems are made more difficult by the underlying structure of the Government, one official said today. "The present Cabinet just grew, haphazardly, over two centuries," he said. "This plan is not just moving boxes around. It is an effort to overcome very real overlaps, competition, and ambiguity of responsibility."

The reorganization plan to be proposed by the President is reported to emanate from two major sources. One is the Ash Council, a special committee headed by Roy L. Ash, president of Litton Industries, Inc., which has worked on reorganization of various levels of government since early 1969.

The other source is said to be a series of study groups within the Office of Management and Budget.

Some of the specific agency shifts are already known and others have been widely rumored.

The White House lent strong support today to the report that the \$1.25-billion food stamp program would be moved from Agriculture to the proposed department of human resources.

A report released today said that the Administration intended to move the program to H.E.W. and "to administer the program in close harmony" with the Family Assistance Plan for income maintenance.

Revenue-Sharing Link

The community development department, based on the present department of H.U.D. is to take over O.E.O.'s major component, the Community Action Program, which operates a thousand agencies in poverty neighborhoods around the country.

Informants say that this program and H.U.D.'s model Cities Program to revitalize decaying poverty areas, will be combined and altered. The funds now de-

voted to both programs would be distributed to local officials who would be called on to devise their own ways of addressing the same problems.

This change, one official said, appears to illustrate how the reorganization plan will link to the revenue-sharing segment of the new Presidential program.

The department of economic development would be the only wholly new body. It is to contain parts of the Agriculture, Commerce, Transportation, and Labor Departments.

This merger incorporates and surpasses an unsuccessful proposal of the Johnson Administration to combine the Commerce and Labor Departments.

The department of natural resources would contain the present Department of Interior, plus parts of the Agriculture Department and the Commerce Department.

The President announced last week still another reorganization proposal, combining the Peace Corps; Volunteers in Service to America, an O.E.O. agency, and other agencies into a single Volunteer Service Corps.

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