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Office of the White House Press Secretary

THE WHITE HOUSE

FACT SHEET

AGENDA FOR GOVERNMENT REFORM ACT

The President is sending to Congress today the proposed "Agenda for Government Reform Act" which would establish a timetable for the President and Congress to make comprehensive and fundamental changes in Government regulatory activities which affect the American economy. The legislation would:

- Require consideration of the views of the American people who want solutions to our regulatory problems.
- Require an analysis of the costs and benefits of Government regulatory activities.
- Commit the President to develop and submit major reform proposals to Congress no later than the end of January in each of the next four years.
- Encourage more effective Congressional oversight of the operations of Government and commit Congress to act on needed reforms each year.

The purposes of this legislation are to: eliminate excessive regulatory constraints on the economy; develop better, less costly ways to protect public health and safety; reduce federal paperwork requirements; eliminate excessive delay; and streamline the costly regulatory bureaucracy.

BACKGROUND

In October of 1974, President Ford launched a major program of regulatory reform. Since that time, significant administrative improvements have been achieved. A reduction in Government-imposed paperwork requirements has been accomplished. Major regulatory agencies have been asked to reduce delays, increase reliance on market competition, and improve consumer access to regulatory decisions.

In addition, legislation has been enacted to repeal fair trade laws, increase competition in the securities industry, and eliminate outdated railroad regulation. The President has also submitted legislative proposals to improve regulation of our airlines, motor carriers, and financial institutions.

The President will continue to stress the need for administrative improvements and to request Congressional action on pending reform proposals. The legislation he is submitting today builds upon and complements his earlier efforts and charts a specific course for the second phase of regulatory reform over the next four years.

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PRINCIPAL OBJECTIVES OF THE LEGISLATION

1. To encourage broad scale public participation in seeking practical solutions to complex regulatory problems. A fundamental re-examination of regulatory practices will foster increased public understanding of how the system works and how it affects individual Americans. And it will provide an opportunity for individuals in all walks of life to voice their concerns and register their ideas and suggestions for realistic reform.
2. To focus attention on the cumulative effect Government actions have on individual sectors of the economy. The results of this legislation would be to provide a better understanding of both the objectives and effects of regulatory actions -- thereby laying the foundation for lasting, commonsense solutions to our regulatory problems. Also, this legislation would permit the American people to make more informed trade-offs between desirable regulatory goals such as environmental protection and energy conservation.
3. To minimize the costs which Government programs impose on taxpayers and the general economy. Paperwork requirements, unnecessary program duplication, costly delay and burdensome compliance requirements multiply the cost of Government intervention -- often without providing commensurate benefits in return. The legislation would help identify the cumulative costs of Government activities which must be borne by all Americans.
4. To require the President and Congress to act on concrete reforms according to a specific schedule. This legislation would commit both the President and Congress to cooperate in the development and implementation of needed reforms according to a systematic, agreed-upon schedule. Close cooperation between Congress and the Executive will encourage the public to work in concert with their Government to build a more rational regulatory system.

NEED FOR OVERALL REFORM

In general, each time a new national problem is identified, a new Federal program or agency is established to address it. Often, because solutions must be found quickly, new policies or organizations are created without sufficient attention to their indirect economic effects, or to the overlap and duplication which may result.

Once established, these programs and agencies strongly resist change. Even where regulations are having a negative effect or are competing with other national objectives, the "status quo" tends to prevail. Generally, regulatory problems are caused not by a single regulation but by the cumulative effect of many Government regulations. Business, labor, and consumers find it difficult to become actively involved in changing a system that is confusing, overlapping, and complex.

The American economy is divided into many sectors. Government regulatory activities affect these sectors in different ways and to varying degrees. For example, environmental regulations have a greater impact on the transportation industry than they do on the financial community and small businesses often feel the effects of Government proportionately more than large corporations do. Each industry faces its own unique regulatory problems. And presently, the cumulative effects of Government regulatory activities on any given industrial sector are unknown.

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TIMETABLE FOR REFORM

The Agenda for Government Reform Act would establish a four-year program of fundamental reform. Each year, the President would assess the cumulative effects of Government regulatory activities on major economic sectors and develop legislative proposals for change along the following agency lines (example only):

<u>Year</u>	<u>Sectors of the Economy</u>	<u>Agencies Considered for Legislative/Administrative Action</u>
1977	Transportation & Agriculture - transportation industry including water carriers and pipelines - crop and livestock production - forestry - fishing	National Highway Traffic Safety Administration, DOT Federal Maritime Commission Animal and Plant Health Inspection Service, USDA Agricultural Marketing Service, USDA U.S. Forest Service, USDA Interstate Commerce Commission Civil Aeronautics Board
1978	Mining, Heavy Manufacturing and Public Utilities - pulp and paper industries - chemicals - petroleum refining - rubber/plastics - stone/glass/concrete - automobiles - primary metals - fabricated metal - machinery - electric, gas, sanitary services	Mine Enforcement and Safety Administration, Department of the Interior Environmental Protection Agency Federal Energy Administration Federal Power Commission Nuclear Regulatory Commission
1979	Light Manufacturing and Construction - housing and other construction - general contractors - special trade contractors - food processing - textiles - lumber & wood products - printing & publishing	Occupational Safety and Health Administration, Department of Labor Food and Drug Administration, Department of Health, Education, and Welfare Department of Housing and Urban Development Equal Employment Opportunity Commission Consumer Product Safety Commission
1980	Communication, Finance, Insurance, Real Estate, Trade, Services - banking, credit & insurance - real estate - broadcasting - wholesale & retail trade - business & personal services	Securities and Exchange Commission Department of the Treasury Federal Trade Commission Federal Communications Commission

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ORGANIZATION OF THE REFORM EFFORT

The agenda begins with areas where significant analysis has already been done so that recommendations can be developed quickly.

The White House will coordinate the efforts in each of the four areas. Once the President's proposal is passed:

- . Basic research and public participation in developing major issues will begin simultaneously in each of the areas.
- . Public hearings will be held in all parts of the country to assure that the President has the best thinking available.
- . Each year, the President will submit specific legislative proposals to Congress for action and provide a report to the Congress and the American people on the nature and extent of Government intervention in the economy, including an analysis of the costs and benefits of regulatory activities.
- . The President will direct agencies to make administrative improvements where necessary.

Where regulatory activities affect a wide range of industries -- environmental regulations or occupational health and safety standards, for example -- it may be desirable to defer recommendations for any fundamental changes until a number of different sectors have been examined. The agenda identified in this legislation takes this into account and postpones major recommendations on cross-cutting regulations until sufficient data is available. Thus, although analysis of the effects of OSHA regulations on the transportation and agricultural industries will begin in the first year, major recommendations for any fundamental changes in these areas may not be made until after the President has considered their impact on mining, construction, and manufacturing.

Each year, the President is required to submit reform recommendations to Congress by the end of January. These recommendations are then reviewed by the appropriate Congressional committees. If the House and Senate have not acted on reform legislation by November 15, the President's proposals become the pending business on the floor and remain so until acted on by each House.

SECTION-BY-SECTION ANALYSIS

Section 2 sets forth the findings of the Congress and the purposes of the Act. It points out that although the American economic system was founded on the principles of market competition and minimal Government intervention in the private sector, the Government's role in the economy has grown over the years. In many cases, its regulatory responsibilities have become confusing, overlapping and contradictory. The direct and indirect costs and benefits of regulatory activities are not clear.

Accordingly, the purpose of the legislation is to achieve positive and lasting reform of Federal regulatory activities with increased public participation, more effective Congressional oversight and systematic Presidential action.

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The bill would require the President to develop legislative reforms every year for the next four years. It would require Congress to act on these reforms without delay.

Section 3 defines the specific terms used in the legislation including "agency" and "Federal regulatory activity."

Section 4 specifies the sequence in which reform proposals are to be developed. The timetable is described in detail above in this fact sheet. This section requires that each Presidential proposal include among other things an identification of the original purposes of the regulatory activity under review, an assessment of the effectiveness of the regulation, and specific recommendations for reform, elimination, or continuation of the particular regulatory activity.

Section 5 explains Congressional responsibilities under the Act. It specifies that reform proposals be referred to appropriate committees in the House and Senate and would require Congress to act on reform legislation by November 15th of each year. If the two Houses of Congress should fail to do so, the President's reform proposals would become the pending business of the House and Senate and remain so until acted on by each House.

AGENDA FOR GOVERNMENT REFORM

