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THE WHITE HOUSE

## STATEMENT BY THE PRESIDENT

I am announcing today that I am extending Executive Order 11821 which requires Inflation Impact Statements for all major proposals for legislation, regulations and rules emanating from the executive branch of the Government.

When I addressed the Congress on October 8, 1974, I pointed out that the Federal Government imposes many hidden and inflationary costs on our economy. I announced then that I would take steps to assure that the effect on the economy of major executive branch proposals would be carefully weighed. Accordingly, on November 27, 1974, I signed Executive Order 11821 which formally initiated the Inflation Impact Statement (IIS) program. Its objective is to improve decision-making by requiring agencies to consider the economic impact of their regulatory and legislative proposals. The Director of the Office of Management and Budget was given oversight responsibility for the IIS program. He delegated monitoring responsibility for proposed rules and regulations to the Council on Wage and Price Stability, while retaining the legislative review responsibilities.

Since the IIS requirements constitute a rather novel mechanism, an expiration date of December 31, 1976, was specified in the original Executive Order 11821. This served to emphasize the importance of carefully monitoring the program's impact during the initial period. Based on my review of a just-completed, thorough evaluation of our initial two-year experience with the IIS program, I have concluded that it has improved decision-making by facilitating more thorough and rational review of proposals whose impact on the economy is substantial. Accordingly, I am extending the Executive Order establishing this program. As noted in the new Executive Order, I also am changing the name of the program from Inflation Impact Statement to Economic Impact Statement to better reflect the nature of the required analysis. I am asking the Director of OMB to consider making certain other administrative improvements suggested in the evaluation report as well.

Actions taken to secure one desired result often have many side-effects which are overlooked initially. Regulations and legislation frequently can be designed to produce their intended effects in several different ways. Economic analysis, objectively applied, can help decisionmakers and the public see more clearly a proposal's benefits and costs. I believe that the IIS program is a useful approach to encouraging more rationality in the Federal Government's decision-making.

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