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Re-regulation

Regulation

United States Senate

WASHINGTON, D.C. 20510
(202) 224-3254

February 24, 1982

Dear Editor:

In December, Senator Roger W. Jepsen (R-Iowa) joined leading figures from government and the media in a national conference in New York to examine the role of media in the public policy process.

Along with compliments for the Washington media ("For the most part, the reporters I deal with are a pretty devoted group of people trying to give their readers/viewers a slice of life in the Capitol."), Senator Jepsen had some criticism.

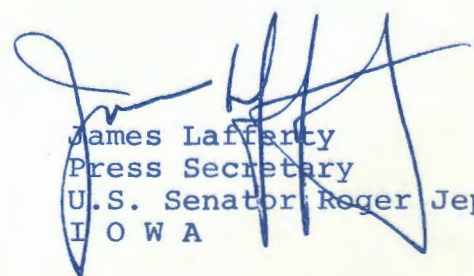
He said many journalists have ignored the greatest consumer fraud story in our history -- "government costs more and, simultaneously, accomplishes less than it ever has before."

He outlined why he believes calls for regulatory reform go unnoticed and unreported by the media based in Washington.

The speech offers constructive and timely criticism of the media in a readable and illuminating form.

Please feel free to use all or part of it on your editorial or op-ed page.

Sincerely,



James Lafferty
Press Secretary
U.S. Senator Roger Jepsen
I O W A

JCL:jts

VITAL SPEECHES

— OF THE DAY —

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State of the Union
1982

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IMPARTIAL

CONSTRUCTIVE

AUTHENTIC

THE BEST THOUGHT OF THE BEST MINDS ON CURRENT NATIONAL QUESTIONS

Regulation — The Effect of Media Coverage

HOW MUCH REGULATION IS NECESSARY

By ROGER W. JEPSEN, U.S. Senator from Iowa

Delivered to the National Media Conference in New York, New York, December 9, 1981

GOOD MORNING, ladies and gentlemen. I have been asked to give you an overview of what I believe to be the very important role the media plays in the formulation of public policy in Washington.

Now, I can see it in your eyes. You fear that you are in for your typical "Conservative Senator Lambastes Liberal Media" tirade. Well, let there be no doubt — I am both conservative and the Senior Senator from Iowa, but I'll spare you that particular tirade.

And let me add that my views on the media aren't totally caustic. For the most part, the reporters I deal with are a pretty devoted group of people trying to give their readers/viewers a slice of life in the capitol.

I'll be frank with you — sometimes life in the capitol is difficult to slice into 60 or 90 second slices, or a cute column for the Sunday paper back home.

But still they try.

Many of these same hard-working and sincere reporters have a fault to varying degrees and I think that fault has more to do with the way things happen in Washington rather than journalism.

Let's start with how Washington works.

In 1975, columnist Jimmy Breslin wrote an important book entitled, *How the Good Guys Finally Won*. Of course, Mr. Breslin and I disagree about the names of the "good guys." His good guys have strange and unfamiliar names like O'Neill, Kennedy, and Rodino. My good guys are better-known names — Reagan, Bush, and Goldwater.

But let's put that difference aside for the sake of this discussion and get to Breslin's description of power in Washington.

Building on the traditional definition offered by Thomas Hobbes in the 1600's that "the reputation of power is power," Breslin states, "power is an illusion."

"The ability to create the illusion of power," Breslin wrote, "to use mirrors and blue smoke, is one found in unusual people. They reach their objectives through overstatement or understatement, through silent agreements and, always, the use of language at the most opportune moments."

I think that bit of imagery about power and politics — the science of wielding power — is right on target.

Success or failure in Washington is now based largely on two elements.

First, the illusion of power. The ability to make others believe that you are a key player whose consent is an absolute necessity. As the level of regard for a politician's power drops, the level of danger to his career rises.

Second, and this is part of the first, the access to the media. A congressman or Senator who regularly appears on television or op-ed pages of major newspapers has demonstrated the ability to tilt the mirror his way. Few are going to get on the wrong side of someone with that skill without some second thoughts.

Is the media a sort of pristine monument of objectivity routinely abused by those on both sides of every issue? No!

The role being played by the media at this very moment

reminds me of that Mark Twain reflection on his father. "When I was 18," Twain said, "I was appalled by how little my father knew or understood, but by the time I reached the age of 21, I was amazed at how much the old man had learned in just three years."

The media suffers from that same sort of bewilderment. It consistently trails the public's acceptance of new ideas and changing attitudes.

Look at the current crop of media economic analysts. As vice chairman of the Joint Economic Committee, I spend a great deal of time reading and talking with economics journalists. With one or two exceptions, they are Keynesians. They do not understand supply-side theories therefore they do not accept the possibility they might work. The Administration's "glass of milk" is portrayed, most often, as half-empty rather than half-full.

Is the media being manipulated by some sinister force? No. I think we are getting a glimpse of the media's biggest blindspot. That blindspot is the one that has crippled the media and yielded it as a sort of helpless complainer in the face of America's most serious problem — a federal government which has been on a skyrocketing course in terms of cost and a crash course to new depths in terms of effectiveness.

Let me restate that very simply — government costs more and, simultaneously, accomplishes less than it ever has before.

It is the failure of the media to recognize the basic injustice of that fact which has undermined the public's confidence in print and electronic news.

Why has the Washington-based media regularly missed its deadline on this important story?

I suspect it has something to do with the "beat" system used by most news-gathering organizations. Like running a gauntlet, the new man or woman in town starts with hearings at regulatory agencies and works up from there to ultimately get a plum assignment like the White House or Congress.

The simple fact that the careers of so many Washington journalists are tied to stints at EPA or the Department of Labor tells me something. It tells me that anyone who says "maybe we don't need that agency" is in for some rough sledding. Because those who are taking notes or holding a microphone while such "radical" things are being suggested probably owe their advancement to a time when they did the "definitive story" on EPA or the Department of Energy.

Simply put — political leaders who question the need for such agencies and programs are, at the same time, bringing into question the significance of some of these journalists' accomplishments.

There is a predictable response. With a few exceptions, journalists are either bewildered by such talk or adamant in their defense of the various bureaucracies. How could Americans possibly continue to labor without a massive Department of Labor? Imagine all the evils which will befall our environment without the Environmental Protection Agency at full strength there to guard it?

Of course, each of these agencies performs some important

duties, vital to the public interest. The choice is not between the extremes of a sea of regulations at one end of the spectrum and no regulations whatsoever at the other. The choice involves two questions: How much regulation is necessary and when does the cost of regulation exceed the benefit?

Last November, the citizens of this country answered those questions by electing a president who said over regulation was plaguing all those who work in America. Mr. Reagan said excessive taxation has created and expanded a new class in this country — the working poor. Those statements got people out of their seats and cheering in every state of the union.

But there is a telling observation to be made about that election and those two important questions. Again, with few exceptions, the consumer media in Washington was still searching for the questions while farmers and factory workers across this land knew the questions, as well as, the answers long ago.

How has the media gotten "scooped" so blatantly by the public?

I pose that question though I think I've already answered it.

But let me offer a perspective here. I think the media has an important role to play if we can somehow extricate journalists from the Washington breeding process. Parenthetically, I should add, those of us who are not journalists could benefit from recalling some of the things I am about to outline.

Economists see this world as a collection of goods and services. I think that for too long we've separated our government from that fray.

Government provides certain services. Is it providing us the best service at the most reasonable price?

Some of the most interesting stories done on the local news programs in Washington are consumer stories. I'm sure you've seen them. Mrs. Smith had her car repaired at Mr. Jones' garage. Mr. Jones' mechanics did a poor repair job so a reporter and camera crew from Channel 7 goes to the garage and confronts the guilty repair shop owner. The story usually ends with a repentant Mr. Jones and a satisfied Mrs. Smith.

Today, I say to all of you — the excesses of the federal government amount to the greatest consumer fraud story in the history of American journalism. President Reagan's budget cuts will eliminate much of the murky, gray area of government operations. But we need to remember the questions posed very well in a recent W. R. Grace & Co. public service announcement. "In 20 years, federal spending has increased five times to 440 billion dollars per year," the TV spot says. "Is hospital

care five times better? Is the U.S. five times more secure? Are our schools five times better? Are our streets five times safer?"

Those are the questions to ask.

Is the American consumer getting his money's worth out of government?

My hope is that the American media will use some of its "healthy skepticism" when covering government. I would also hope that reporters will accept less readily the doomsday predictions of those who wish to keep the bureaucracies bulging.

For example, last week in Washington, the Associated Press moved a story which charged that product safety here in the United States would suffer tremendously if the Reagan budget cuts in the Consumer Product Safety Commission are approved by Congress. I'll offer you one guess who said that. That's right — one of the commissioners of the Consumer Product Safety Commission.

Now, if that isn't a Washington version of the old editor's saw about "dog bites man," I don't know what is. But, as I said earlier, I guess the advantage here is that the agency official is doing the biting.

But let me close on an optimistic note because, like the President, I am an optimist.

For the past decade, too large a portion of the American media and the public have adopted a scowl on their face when the future of this nation was being discussed. Pessimism about government, cynicism about the nature of the American spirit have served to fog over the many incidents of true heroism which occur every day in homes and on main streets throughout this country.

Whether you agree with it or not, a new course has been set for government. There are tax cuts in place where before there was only talk of tax increases.

And the real strength in America — her people and the energy embodied in their principals and ideas — is becoming more apparent.

Let me leave you with this thought from George Gilder's *Wealth and Poverty*: "The ultimate strength and crucial weakness of both capitalism and democracy are their reliance on individual creativity and courage, leadership and morality, intuition and faith. But there is no alternative, except mediocrity and stagnation. Reason and calculation, for all their appeal, can never suffice in a world where events are shaped by millions of men acting unknowably, in fathomless interplay and complexity, in the darkness of time."

Thank you.

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deregulation

July 14, 1982

Mr. Morton Blackwell
Special Assistant to the President
The White House
Washington, D.C. 20500

Dear Morton:

It was good seeing you at the Kingston Group last Friday, as it always is. I believe you missed receiving my memo about the deregulation of the professions and I am enclosing one for your information.

Also enclosed is a copy of a Human Events article on this subject, as well as a John Chamberlain column which mentions the fight too.

Best regards,

Lee Edwards,
President

LE:ae

7/12

Lee Edwards and Associates, Inc.

Suite 400 • 1705 DeSales Street, N.W. • Washington, D.C. 20036

Telephone: (202)296-4411

Public Relations/Advertising



Memorandum

July 9, 1982

TO: Kingston Group
FROM: Lee Edwards
RE: S. 2499: Deregulating the Professions

S. 2499, reported by the Senate Commerce Committee on May 28, 1982, makes a number of substantive changes in the Federal Trade Commission Act, in particular limiting the FTC's jurisdiction over state-regulated professions such as lawyers, physicians, dentists, engineers, accountants, pharmacists and surveyors. Senators James McClure and Robert Kasten wrote much of the legislative language and are pressing for its passage.

Briefly, S. 2499 will:

1. Protect the authority of the States by preventing the FTC from attempting to preempt state regulatory law.
2. Preserve the traditional self-regulatory activities of the professionals from FTC jurisdiction.
3. Restrict the present unlimited authority of the FTC to proceed against what the Commission considers to be "unfair" competition and "unfair" acts.
4. As the Committee Report states: "Regulation of professionals by the Commission is unnecessary and inappropriate in light of other extensive State and Federal regulatory and oversight authority.... The Commission's consumer protection enforcement authority duplicates the States' well-developed, traditional licensure and regulatory schemes for professionals."

HR 3722, which has over 200 co-sponsors, places a moratorium on any activity by the FTC against state-regulated professions until Congress (1) grants to the FTC specific authority over these professions and (2) allows the FTC to preempt state laws regulating the professions.

Senate action on S. 2499 is expected in late July or August. The following Senators are undecided and/or undeclared: John East (R-NC), Orrin Hatch (R-UT), Gordon Humphrey (R-NH), Roger Jepsen (R-IA), Paul Laxalt (R-NV), Richard Lugar (R-IN), Don Nickles (R-OK), Dan Quayle (R-IN), Strom Thurmond (R-SC) and Malcom Wallop (R-WV).

I believe the principles involved in S. 2499 are important, basically conservative and worthy of your active support.

Lee Edwards and Associates, Inc.
Suite 400 • 1705 DeSales Street, N.W. • Washington, D.C. 20036
Telephone: (202)296-4411

Public Relations/Advertising

Human Events, 6/1/82

FTC Chief Under Fire

James C. Miller III, President Reagan's deregulation-minded chairman of the Federal Trade Commission (FTC), continues to be one of the Administration's top advocates of reducing the size and scope of the federal government. Ironically, Miller, who wants to limit his agency's regulatory role, finds himself being criticized by some conservatives who say he is not going far enough.

The issues involved are twofold: what should be regulated and who should regulate it. Only this time, the subject of the dereg debate is not a government-regulated industry or product; instead, it is the FTC itself. The objective is to reduce the agency's power and to remove any incentive for the agency to take an activist role in regulating professions that conservatives believe should be left to the private sector.

Both sides of the Hill are currently reviewing proposals to deregulate the FTC, and Miller agrees with many of the proposals introduced, including the elimination of intervenor funding, where taxpayer dollars defray expenses of attorneys and FTC-approved participants at FTC rule-making proceedings.

But two key differences remain. Notes a forthcoming edition of *Consumers' Research* magazine: "On the surface, the proposals would accomplish much of what Miller assertedly wants: a cut in the FTC's power. However, Miller is opposed to two elements of the proposal: the excluding of state-



MILLER

regulated voluntary professional associations, such as pharmaceutical, legal and advertising groups [from the FTC's purview], and the restricting of FTC authority pertaining to 'unfair' competition and acts."

The heart of the conservative argument is expressed by Sen. James A. McClure (R.-Idaho) in a letter to President Reagan. "The FTC... has consistently been rebuffed by Congress whenever they sought jurisdiction over non-profit associations," he notes. McClure adds, "The whole spirit of your Administration has been that, in keeping with the 10th Amendment, those powers not specifically delegated by the Congress shall be reserved for the states."

Miller says exclusion of those professional associations from FTC authority is not in the public interest. According to Miller, studies show some restrictions of professional associations on business aspects increase prices, restrict choices, reduce the availability of professional goods and services, and do not increase quality.

The second area of contention deals with what is referred to as unfair acts and practices. Miller and the congressional proposals call for a statutory definition of unfair acts and practices based on unavoidable consumer injury. With a statutory definition, the FTC would be restricted from interpreting what is and what isn't "unfair."

Again, an exclusion is the center of attention. Congressional proposals seek to exclude advertising from the proposed statutory definition. Miller opposes the exclusion of advertising from his agency's authority.

Even with Miller's opposition to two provisions, the congressional proposals would significantly reduce the FTC's power. In the words of Sen. McClure, they "would ease [the] federal regulatory burden; preserve the balance between state and federal government; and encourage professional self-regulation." And the proposals to deregulate the FTC are well in line with President Reagan's call for a New Federalism by reducing the authority of a non-elected federal commission and giving it back to the states.

JOHN CHAMBERLAIN

Deregulating the regulators

Are we getting somewhere when it comes to the Reagan administration's promise to deregulate the regulators? Certainly a better atmosphere prevails in Washington among the regulators themselves. The attitude expressed by Mark Fowler, chairman of the Federal Communications Commission, is a case in point.

Writing in the spring issue of the Lincoln Review, an excellent quarterly edited by J.A. Parker, Fowler lists some of the changes that are coming in the way we transmit and receive information. It won't be long before we have superior phone service in cars. Home computers, video discs and video cassettes, says Fowler, mark only the beginning of a technological revolution.

The spread of cable TV and the practice of bouncing electronic programs off satellites means that the limited number of wavelengths available to broadcasters is no longer an important consideration. Yet the forest of regulations governing the broadcasting industry remain. Fowler would junk them in favor of a purely market approach. Let the customer decide what he wants to see and hear and what methods of delivery he proposes to select.

Fowler wants to get rid of the fairness doctrine. It is a patent infringement of the First Amendment. With a plethora of channels available to listeners in the future, practically every side of an issue will be heard anyway.

James C. Miller III chairman of the

John Chamberlain, author and syndicated columnist lives and writes in Connecticut.

Federal Trade Commission, is another regulatory agency head who favors reducing the scope of the government. He is willing to forego so-called intervenor funding, where the taxpayer is called upon to cover the expenses of

"The struggle to deregulate the regulators proceeds in spite of a general incomprehension of the role the regulatory agencies play in the national life. We have some 30 federal agencies with approximately 200,000 employees who spend \$8 billion a year in an effort to keep us healthy, safe and honest."

lawyers and Federal Trade Commission-approved participants at FTC rule-making proceedings. But Miller objects to a proposed relinquishment of FTC power to regulate the professions.

There will be a fight this month in Congress, with Sen. James McClure of Idaho leading a battle to lift the heavy hand of federal regulation from lawyers, physicians dentists and CPAs. It is McClure's contention that the public is adequately served through professional self-regulation, in accordance with state laws and the federal anti-trust acts.

When David Stockman, the budget director, seemingly took the FTC side in the fight over retaining power to regulate the professions, McClure hit the roof. He has taken his complaints to the White House.

The struggle to deregulate the regulators proceeds in spite of a general incomprehension of the role the regulatory agencies play in the national life. We have some 30 federal agencies with approximately 200,000 employees who spend \$8 billion a year in an effort to keep us healthy, safe and honest.

But when the Bendix Corp. financed a Gallup poll for the League of Women Voters on the functions of the regulators, it found an appalling state of ignorance of the whole subject.

More than half a representative polling sample of American adults, when asked to distinguish between a regulation and a law, either could not name any difference or said that no differences existed. One-half of the sample interviewed could not name even one federal regulation that affected themselves or their families. Only one in five could specify what arm of government makes the regulations. And two-thirds of the sample admitted they had little understanding of how to go about influencing a decision made by an agency or department of the executive branch of the government.

With ignorance and apathy prevailing, the progress the Reagan government is making in cutting back on expensive regulation is a minor miracle. Millions of our dollars are involved, and we ought to be more aware of what is going on.

Overdue Restraints for Runaway FTC

Donald Lambro

These are dark days over at the Federal Trade Commission, the 68-year-old regulatory agency that, despite its exaggerated rhetoric, has done little to help the beleaguered consumer.



Over the years, the agency has brought multimillion-dollar cases against the automobile industry, the cold-breakfast-cereal market, used-car dealers, health spas, funeral homes, mouthwash and aspirin makers, and childrens' television ads. These and other actions not only failed to reduce consumer costs, but in some cases have added to consumer bills by burdening businesses with huge additional regulatory costs.

Yet, contrary to the impression that the Reagan administration has been slashing the FTC to the bone, it is, in fact, Congress that has been this agency's worst enemy. Indeed, Congress appears to be going far beyond anything the administration dared to imagine when it cautiously charted its deregulatory attack early last year.

Two recent congressional actions against what is really the very heart and soul of the government's regulatory apparatus illustrate the quiet revolution that is occurring.

The Senate, by an overwhelming vote of 69-27, has vetoed the FTC's used-car

regulations, ending one of the agency's most aggressive actions against what is essentially an industry of small businesses.

If this weren't damaging enough, Congress approved a compromise budget resolution that slashed the FTC's funding for the coming fiscal year to \$46.2 million - a massive \$22.6 million cut in its budget. This went far beyond the administration's proposed \$61 million spending level for fiscal 1983.

Meanwhile, the FTC is still reeling from the reauthorization bill, approved by the Senate Commerce Committee last May, which would sharply curtail the agency's regulatory powers. This bill represents a major blow to the panel's chairman, Bob Packwood of Oregon, who was on the losing end of a lopsided 11-3 vote to send the bill to the Senate. It also represents a major rebuff to the entire Ralph Nader-spawned consumer movement, which sparked a wave of business regulations during the 1970s.

The bill, which is expected to pass the Senate this summer, would curb the agency's regulatory authority over advertising claims and professional organizations representing such groups as doctors, lawyers and dentists.

Most members of Congress now believe that the federal government should not be involved in regulating advertisements for mouthwash, aspirin, denture adhesives and other products that pose no harm to the consumer. The claims of such ads should be left to consumers to judge, not to a tribunal of administrative law judges applying some paternalistic view of the world.

However, Budget Director David Stockman made it clear in a letter to Sen. Robert Kasten of Wisconsin last March that "the administration would not support proposals" to remove the professions from the FTC's antitrust jurisdiction.

Sen. Ted Stevens of Alaska, who offered the controversial amendment to exempt professional groups, disagrees. Regulation of state-licensed professional groups is the responsibility of the states, not Washington, he said.

Moreover, there is nothing in the FTC laws to support such agency intrusion. "The FTC . . . has consistently been rebuffed by Congress whenever they sought jurisdiction over non-profit associations," Sen. James McClure of Idaho wrote President Reagan in April. McClure also made it clear that he was "very annoyed" with Stockman's stated opposition to the Stevens provisions.

Since the committee went ahead and approved the Stevens amendment anyway, the administration has been rather quiet on the issue and probably will support the bill in the end.

There can be no doubt that Congress is trying to rein in a runaway agency. FTC Commissioner Patricia Bailey admitted before a House hearing in March that the agency was "not given that authority" over the professions, "but it (the law) didn't say we can't do it, either, so we're going ahead."

Congress appears ready to tell the FTC, "No you are not," and to curb its authority in a number of other areas as well. This is why many are now asking, as did Stockman in early 1981: Why do we need an FTC to begin with?

THE WHITE HOUSE

WASHINGTON

August 14, 1981

AUG 18 1981

MEMORANDUM FOR RED CAVANEY

FROM: LOU GERIG *leg*

Enclosed are two mailings we sent out this week. The veterans mailing went to over 125 publications for veterans, while the Vice President's mailing went to the editors of editorial pages (circulation of 50,000 or more).

Exec	<i>leg</i>
Pres	<i>leg</i>
Dir	<i>leg</i>
Asst Dir	<i>leg</i>

too bad we did not also get mention of credit for tax w. the Carol McLean. Dir, if we have, say something to her.
leg

THE WHITE HOUSE

WASHINGTON

August 13, 1981

*File
Regulatory
reform*

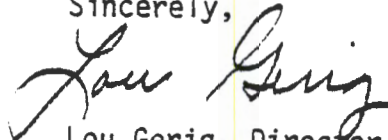
Dear Editor:

Enclosed you will find some material on the Vice President's recent news conference on regulatory reform.

In his comments he noted that the Presidential Task Force on Regulatory Relief was continuing its efforts to cut back the burden of the American people

If you have any questions, please feel free to contact our office.

Sincerely,



Lou Gerig, Director
Office of Media Liaison

Enclosures

THE WHITE HOUSE
Office of Media Liaison

For Immediate Release

August 12, 1981

REMARKS OF VICE PRESIDENT GEORGE BUSH
AT THE PRESIDENTIAL TASK FORCE ON REGULATORY RELIEF BRIEFING
WASHINGTON, D.C., AUGUST 12, 1981

Today, I am announcing a number of additional steps the Presidential Task Force on Regulatory Relief is taking in its ongoing effort to lighten the regulatory burden borne by Americans across the country.

In late March, I wrote to a large number of groups and individuals representing business, labor, consumer, local governmental and other interests asking their help in identifying burdensome, unnecessary, or counterproductive federal regulations. The response has been overwhelming--to date we have received more than 2,500 individual suggestions and comments.

We are carefully reviewing each and every submission and will continue to do so until each has been analyzed and acted upon. Today we are announcing that as an initial result of the review, which has covered 1,800 of the submissions, we have targeted 30 existing regulations for in-depth agency reconsideration.

We are distributing a list of these regulations with a brief description of the subject matter involved. These 30 regulations are in addition to the 27 identified for review which I announced on March 25, and the 34 announced in early April as part of the auto relief package. These previously announced initiatives are underway. Many of the proposals in fact have been completed and more final actions will be announced over the next few months.

We also have identified nine specific areas where we believe that reporting and paperwork burdens can be reduced. The responsible agencies, in coordination with OMB, will be reviewing these and other paperwork requirements in order to cut down the avalanche of paperwork generated by the Federal Government.

I want to emphasize that our actions today are part of a continuing effort. These are not by a long shot the last regulations to be targeted for review. They represent only the beginning of the process--a process we will vigorously pursue in the months and years ahead.

It is, though, a very strong beginning. Our actions announced today, in addition to the previous actions we have taken, address a substantial portion of the submissions--approximately 15% of the 1,800 suggestions we have reviewed to date. In addition, 24% of the suggestions have already been addressed by previous Task Force decisions. Thirty-two percent address either legislative changes, such as the Clean Air Act revisions we are asking Congress to make, or regulations still in the proposal stage where immediate regulatory relief is not necessary.

(more)

This leaves a balance of only 29% of the submitted suggestions and, by and large, they involve items of lower priority for which the Task Force intends to seek effective remedial action during the next few months.

Of particular concern to us are the regulatory burdens imposed on small businesses. The problems they have in complying with the multitude of complex and overlapping regulations are often a major factor in determining whether they can stay in business and compete effectively.

This critical sector of the economy deserves special attention. We have made a great effort to address the concerns of small businesses, and we have taken action on seven of the ten regulations most mentioned by small businesses in response to my March letter.

Much more needs to be done, however. The Task Force, in conjunction with the Department of Commerce and the Small Business Administration, is therefore launching a major effort over the next two months to identify additional problems affecting small businesses and to act on those where regulatory relief can be of assistance.

We will be working not only with the remaining 29% of the formal comments received, but also with a vast amount of unsolicited mail received by my office and OMB. These small business complaints are not as sophisticated as big business submissions prepared by Washington offices and law firms. These complaints also involve a large number of relatively minor regulations as compared with the fewer major items which we have already identified. They will therefore take some time to assess. But we hope to finish a major part of this effort this fall.

Regulatory relief is an integral part of President Reagan's overall economic recovery program designed to put America back to work, increase our productive capacity and reduce inflationary pressures created by federal red tape.

We greatly appreciate the help we have received from the public in identifying the areas they believe to be most in need of regulatory relief. We are convinced that this cooperative effort between the Federal Government and the public will lead to meaningful improvement in the well-being of our economy and our country.

#

EXISTING PAPERWORK REQUIREMENTS TO BE REVIEWED

DEPARTMENT OF AGRICULTURE

1. Food Stamp Household Certification

Source of Comment(s):
State and Local
Governments,
Business

Annual Burden Hours:
29 million

USDA requires State and local governments to collect and verify information on household income, assets, and automobile ownership on Food Stamp application forms. These data are verified by contacting employers and rental agents. These data are used to determine which households are eligible for Food Stamps and to detect and prevent fraud and abuse. Collection, verification, use, and maintenance of these records is exceptionally burdensome to applicants and State and local governments. USDA will analyze the system to identify and eliminate collection of information whose value for predicting fraud and abuse is less than the cost of obtaining and processing the data.

2. National School Lunch Program

Source of Comment(s):
State and Local
Governments,
Business

Annual Burden Hours:
46 million

States, local governments, and school districts are required to prepare and maintain records on all breakfasts, lunches, snacks, and suppers served to children benefiting from the School Lunch Program. For example, the school cook has to estimate for each meal how much flour and yeast are used in bread for children's breakfasts, faculty lunches, and snacks. The cost of a single batch of bread must be distributed among classes of meals, so that the appropriate Federal reimbursement can be calculated. The information is also used to ensure that meals served meet nutritional

requirements. These record-keeping and monthly reporting requirements impose a great burden on the school systems. USDA will review alternatives to this detailed audit trail such as quality control methods and selected site audits.

CONSUMER PRODUCT SAFETY COMMISSION

3. Standard for the Flammability of Clothing Textiles

Source of Comment(s):
Consumer

Annual Burden Hours:
Not Available

To support the guarantee that a fabric meets Federal flammability requirements, CPSC requires textile manufacturers to keep records for three years detailing the results of flammability tests. In addition, information regarding the flammability of imported cloth or garments is required. The need for such extensive recordkeeping requirements does not appear to be justified in terms of the injuries prevented by the program. In addition, these textile flammability standards and associated paperwork requirements cost small businesses and consumers millions of dollars per year.

FEDERAL ENERGY REGULATORY COMMISSION

4. Retail Electric Cost of Service Report Under PURPA

Source of Comment(s):
Business

Annual Burden Hours:
626,500

Section 133 of the Public Utility Regulatory Policies Act requires the Federal Energy Regulatory Commission to collect information from electric utilities concerning their determination of the costs associated with providing electric service. The statute requires this reporting of costs to be broken down into the costs of serving each electric consumer class, consumption patterns with these classes, and kilowatt demand loads for each class charged different rates. These

statutory requirements are implemented through 21 pages of printed regulations, and nine pages of optional formats. The review should examine ways to minimize this reporting burden given the potential utility and need for the information.

FEDERAL TRADE COMMISSION

5. Premerger Notification Rules and Report

Source of Comment(s):
Business

Annual Burden Hours:
50,450

The report requires companies that are merging to notify the FTC and the Department of Justice of that intent and to provide extensive company data concerning the proposed merger. The report is required by statute, but the 112 pages of printed regulations and forms require a vast amount of information concerning voting securities, revenues, shareholdings and corporate structure. The FTC is in the process of making extensive revisions in response to industry complaints about the length of the form and duplication with data collected by the Securities and Exchange Commission. The review will seek to narrow the scope of information required, so that practical utility and need are balanced against unnecessary burden.

NUCLEAR REGULATORY COMMISSION

6. Domestic Licensing of Nuclear Production and Utilization Facilities

Source of Comment(s):
Business

Annual Burden Hours:
8.4 million

The regulations for licensing commercial nuclear powerplants set forth the content of plant construction permits and operating licenses. NRC estimates that the reporting, recordkeeping, and application requirements in the regulations cost industry \$232 million annually. The review will analyze statutory mandates and court decisions to determine how to make these requirements

DEPARTMENT OF TRANSPORTATION

7. Local Transportation Grant Forms
- Source of Comment(s):
Business,
State and Local
Governments
- Annual Burden Hours:
Not Available
- Before giving a grant, the Urban Mass Transportation Administration requires local transportation systems to fill out numerous application forms. These include a general application form, a budget information form which has no relevance for requests for operating grants, a second budget form, a maintenance of effort schedule, and a description of the transit system, as well as a variety of forms regarding the applicant's compliance with such requirements as EEO, Schoolbus/Charter bus regulations, implementing regulations of Title VI, and others. If a single transit system wishes to apply for both operating and capital grants, it must fill out application materials for each request, even though much of the information is duplicated. UMTA will examine the information required of grant applicants to reduce duplication and decrease the burden of paperwork on grant applicants.
8. Cultural Resources
- Source of Comment(s):
State and Local
Governments
- Annual Burden Hours:
Not Available
- Recipients of Federal Highway Administration construction grants are required to weigh the effects of the project on cultural resources and to protect historic sites. Even if a highway project affects only one quarter of an acre of parkland (regardless of the extent to which the land is used) a detailed evaluation must be completed and approved by the Secretary of Transportation. Furthermore, when

historic sites are involved, a separate analysis is required for evaluation by the Advisory Council on Historic Preservation. These requirements increase the costs of highway construction as well as impose a significant paperwork burden on FHWA grant recipients. FHWA will review these rules to reduce both costs and paperwork burden.

9. Guide to Reporting Highway Statistics

Source of Comment(s):
State and Local
Governments

Annual Burden Hours:
66,000

This FHWA guide compiles data collected from States on motor fuel usage, motor vehicle registration and drivers' licenses, revenues and fees from gas taxes and licensing, and how highway funds received from Federal, State and local sources are spent. This information is collected on over a dozen different forms and duplicate data which is collected by States. These forms will be reviewed by FHWA, both as to their specific requirements and whether such information should even be collected by the Federal government.

August 12, 1981

EXISTING REGULATIONS TO BE REVIEWED

DEPARTMENT OF AGRICULTURE

1. Regulations and Policy
Statements Under the
Packers and Stockyards
Act

Source of Comment(s):
Business

These regulations and policy statements interpret the provisions of the Act and establish requirements regarding fair practices and competition in the marketing of livestock, meat, and poultry. The regulations specify, in detail, requirements governing operations, management, and financial transactions. A principal issue to be reviewed is the extent to which market entry and operating efficiencies are impeded by regulatory requirements such as (i) bonding for dealers, (ii) custodial accounts, (iii) review of auction market facilities; and (iv) financial statements.

DEPARTMENT OF THE ARMY (CORPS OF ENGINEERS)

2. Section 404 Permit
Program

Source of Comment(s):
Agriculture,
Business,
State and Local
Governments

This program involves the issuance of permits for the discharge of dredged and fill materials into U.S. waters. Current problems include the time required to obtain a permit, overlapping interagency responsibilities, and a lack of specificity in program objectives. For example, the processing of controversial permit applications averages 271 days.

3. Water Conservation Memorandum

Source of Comment(s):
Non-Profit Organizations

A 1978 Presidential memorandum requires municipal and industrial users of water from Federal projects to submit water conservation plans to the Federal government. Such plans detail specific measures and timetables to minimize water consumption. The Federal agency responsible for the water project must review and approve these plans, at least once every five years. Under this regulation, communities needing water from nearby Federal reservoirs may not obtain it until the Federal government has approved their plans even though the communities pay for all the water they use.

DEPARTMENT OF COMMERCE

4. Maritime Administration Subsidy Program

Source of Comment(s):
Business

U.S. flag operators subsidized by the Federal government must comply with numerous requirements of the Maritime Administration. For example, these requirements prescribe trade routes and schedules. They also involve complex and lengthy reporting.

DEPARTMENT OF EDUCATION

5. Title IX-Athletics Policy Interpretations

Source of Comments(s):
Education
Institutions,
State and Local
Governments

These interpretations provide guidance to institutions on how to operate athletic programs that receive Federal financial assistance so that these programs do not discriminate on the basis of sex. Concern has been raised about recordkeeping, overall coverage, and requirements for comparable expenditures for both sexes. Under these provisions, colleges and universities must use the same pay scale for male and female coaches, expend equal amounts for publicity of male and female athletic events, and expend equal amounts on equipment and supplies for males and females.

6. Sec. 504 of the Rehabilitation Act - Nondiscrimination on the Basis of Handicap

Source of Comment(s):
 Educational Institutions,
 State and Local Governments

This regulation provides guidance to institutions on how to administer programs that receive Federal financial assistance without discriminating on the basis of handicap. For example, a school district with a two-story building may have to install an elevator because one of its students is confined to a wheelchair. Similarly, a school district has had to spend \$20,000 annually to provide an interpreter for one deaf student. Also, concern has been raised about compliance costs and diversion of resources from special education instruction because of administrative and recordkeeping costs.

ENVIRONMENTAL PROTECTION AGENCY

7. Lead Phasedown

Source of Comment(s):
 Business,
 Agriculture

In order to reduce lead emissions from automobiles, the maximum amount of lead that can be added to gasoline (on the average) has recently been lowered from 0.8 grams per gallon to 0.5 grams per gallon. This "phasedown" imposes a substantial energy penalty because of the increased amount of crude oil required to produce low-lead or unleaded gasoline. The phasedown will also impose onerous capital requirements on small refiners. The gradual decline in the number of vehicles that use leaded gasoline has reduced lead emissions by nearly the amount originally sought by the phasedown program, and further reductions will occur as more older vehicles are replaced. This may offer adequate protection for most of the country, where lead concentrations in the air are already below the level judged safe by EPA. EPA will examine the feasibility of providing quick relief for small refiners and will open a rulemaking to consider relaxing or rescinding the entire lead phasedown rule.

8. Premanufacture
Notification Exemption
Policies

Source of Comment(s):
Business,
Professional Society

The Toxic Substances Control Act requires the manufacturers of new chemicals to submit extensive information to EPA on the chemical physical properties and uses, its health and environmental effects and the manufacturer's production plans. The notification requirements implemented under the Act hold the potential for obstructing the introduction of new chemicals. EPA will consider waiving or relaxing requirements for chemicals that do not pose an unreasonable risk to health or the environment.

9. Pesticides Registration
Program

Source of Comment(s):
Business,
State and Local
Governments,
Agriculture,
Educational
Institutions

Pesticide manufacturers must test and register products prior to sale. The data requirements are extensive and costly. EPA registers 25-30 new pesticides each year and processes 20,000-25,000 supplemental registrations for new uses of existing products. The registration process appears to delay unnecessarily the distribution of new pesticide products and to inhibit new uses of existing products without providing commensurate health and environmental benefits.

10. Consolidated Permit
Program

Source of Comment(s):
Business
State and Local
Governments,
Professional Society

The original intent of EPA's consolidated permit program was to systemize and streamline permit procedures--for example, "one stop" permitting for new facilities across several program areas. However, actual implementation of the regulations has resulted in greatly increased complexity, including often unnecessary procedural requirements and information burdens.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

11. Sexual Harassment
Guidelines

Source of Comment(s):
Business,
Educational
Institutions

These are guidelines issued under Title IX of the Civil Rights Act of 1964 regarding employers' responsibility for sexual harassment experienced by their employees. Concern has been raised that the guidelines are vague and fail to provide guidance on what constitutes

prohibited behavior. For example, the guidelines include terms such as "unwelcome sexual advances" and "verbal sexual conduct" which rely greatly on individual perception.

12. Uniform Guidelines
on Employee Selection
Procedures

Source of Comment(s):
Business,
State and Local
Governments,
Educational
Institutions

These guidelines issued under Title IX provide a uniform set of principles for all employers to use in hiring to assure that employers are not discriminating on the basis of race, color, religion, sex, or national origin. The guidelines prohibit the use of a selection process (including testing) that disproportionately excludes members of a race, sex, or ethnic group. Employers have expressed concern about the recordkeeping requirements associated with the guidelines. An "adverse impact" exists if the selection rate for the least successful group of applicants is less than 80 percent of that of the most successful group. Employers must maintain data on the race, sex, and ethnic origin of each applicant so that the progress of each group can be tracked through the selection process.

FEDERAL EMERGENCY MANAGEMENT AGENCY

13. The National Flood
Insurance Program

Source of Comment(s):
State and Local
Governments

This program provides Federal flood insurance to property owners in flood plain areas, provided that communities join the Flood Insurance Program. If designated flood-prone communities do not join the program, individuals are not eligible for Federal assistance programs such as grants, FHA/VA mortgage guarantees, and disaster assistance. FEMA's detailed and cumbersome flood plain management standards tend to be incorporated into local building codes which are then applied to all local construction and thus add to the cost of building, whether in a flood plain or not.

GENERAL SERVICES ADMINISTRATION

14. E.O. 12072

Source of Comment(s):
 Congressional
 Inquiries,
 State and Local
 Governments

This Executive Order requires that Federal facilities in urban areas be located in central cities whenever possible. Current regulations require relocations even when the cost to the taxpayer is as much as 15 percent higher. For example, in Fort Smith, Arkansas, two Social Security field offices were recently relocated and their rental costs increased by 92 percent.- from \$52,000 to \$100,000 a year.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

15. Health Planning

Source of Comment(s):
 Business

Health planning regulations, intended to control rising hospital costs, have themselves been costly and appear to have restrained competition within the health care industry. Extensive justification is required for expansions of facilities and service, or changes in or acquisition of new equipment. For example, justifying the purchase of equipment costing \$150,000 may cost as much as \$75,000. HHS will review these regulations and explore ways of making them more cost-effective, pending legislative action to terminate the program.

16. WIN Program

Source of Comment(s):
 State and Local
 Governments

The Work Incentive Program (WIN) is designed to assist and encourage individuals receiving State support from Aid to Families with Dependent Children (AFDC) to achieve self-support through employment and on-the-job training. However, because of a maze of guidelines, rules, special treatment exclusions and limitations, the program has had limited success. For example, in

some States, the truly economically disadvantaged are not included in WIN while the incomes of other categories of families are considerably elevated. The review will address the overlapping requirements of the program's co-sponsors, the Departments of Health and Human Services and Labor, and how to reduce the burdens on the state agencies that administer the program.

17. Patient Package Inserts

Source of Comment(s):
Business

The patient package insert (PPI) regulation would require that each time a drug prescription is filled a printed document describing appropriate uses, side effects, and related information must be provided. Important questions have been raised about the utility of PPIs since the decision to use a prescription drug is nearly always made before purchase. Costs to drug manufacturers, drug wholesalers, and pharmacists, including thousands of small businesses, could be substantial and thus lead to increased prices for prescription drugs. For example, FDA estimates that the regulation would involve over 120 million pieces of paper. Thus, questions concerning the benefits and costs of PPIs merit further review prior to implementation.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

18. Community Development
Block Grant Programs

Source of Comment(s):
State and Local
Governments

These rules establish eligibility, application, administrative requirements, and performance standards for small cities that compete for Federal financial assistance, and for larger "entitlement" cities that receive financial assistance on the basis of statutory formulae. These requirements may unnecessarily diminish local flexibility and impose excessive administrative and compliance costs. For example, one community was denied funding for projects to promote the safety and welfare of its neighborhoods; instead, the funding had to go to water and sewer projects.

19. Environmental Policies
and Requirements

Source of Comment(s):
State and Local
Governments,
Business

These rules establish procedures for protecting environmental quality under the National Environmental Policy Act and related authorities, such as the Historic Preservation Act. These requirements may cause excessive delay in publicly and privately funded construction and development projects, reduce local discretion, and add to administrative costs borne by localities, business, the public, and the Federal government. For example, a housing development or local government project involving no significant environmental impact can be delayed several months, or even years, and Federal funds withheld pending completion of environmental studies and other review procedures.

20. Mobile Home Construction and Safety Standards

Source of Comment(s):
Non-profit Organization

These rules set mobile home construction and safety standards that preempt state standards. HUD sets procedures for approving the design of mobile homes, and for conducting inspections of the plants where they are manufactured. HUD also sets requirements for state agencies and private bodies to qualify as primary inspection agencies. These standards may impose unnecessary costs on builders and owners of mobile homes. For example, a manufacturer wishing to use solar energy as a means of reducing construction and energy costs to purchasers, is hindered by the lengthy process required to amend HUD standards.

21. Utilities Allowances

Source of Comment(s):
State and Local Governments

Under current rules, many tenants in public housing projects have no incentive to economize on utility use. Excessive utility use increases costs to both the federal government and local public housing authorities (PHAs). As a result, PHAs may be forced to reduce other tenant services in order to cover costs. In effect, this system penalizes conservation-minded tenants and wastes energy.

22. Lease and Grievance Procedures

Source of Comment(s):
State and Local Governments

These rules establish compliance procedures that must be incorporated in leases by local public housing authorities (PHAs) assisted by HUD. Not only do they often duplicate and sometimes exceed State and local ordinances, they tend to make it difficult for PHAs to protect the health and safety of tenants. For example, PHAs claim that disruptive tenants that violate their leases, vandalize housing and prey upon other tenants can avoid for months effective remedial actions by the PHA. Reforming these requirements could benefit tenants, PHAs, and deserving families seeking public housing.

DEPARTMENT OF THE INTERIOR

23. Fish and Wildlife
Coordination Act

Source of Comment(s):
State and Local
Governments,
Business

The Act requires consideration of wildlife resources in federally funded or approved projects affecting wetlands, streams, and other waterbodies. Typical projects include construction of channels, dams, and marinas, mineral exploration on the Outer Continental Shelf, and even highway projects resulting in changing the flow of a stream. Current procedures are extremely complex and burdensome on Federal agencies and permit applicants. They appear to duplicate many rules promulgated under the National Environmental Policy Act of 1969.

24. Endangered Species Act

Source of Comment(s):
State and Local
Governments,
Business

The Act requires that Federal agencies consult with the Secretary of Interior (or Commerce if appropriate) to ensure that their activities are not likely to jeopardize threatened or endangered species. Current rules are outdated and may impose excessive burdens on Federal agencies and permit applicants. For example, whenever an endangered species may be found in a project area, biological assessments must be conducted even though this may duplicate analysis in the Environmental Impact Statement. In addition, regulations implementing inter-agency coordination requirements do not reflect 1978 and 1979 amendments designed to improve the process.

DEPARTMENT OF LABOR

25. OSHA Commercial
Diving Standards

Source of Comment(s):
Business

This set of regulations establishes safety standards for the commercial diving industry. These rules govern all aspects of diving - from equipment use to medical fitness, to operating procedures, to recordkeeping. Such detailed

requirements do not appear to provide sufficient flexibility for small diving operations. OSHA review of these rules will consider alternative approaches and measures to reduce unnecessary costs, particularly on small firms.

OFFICE OF MANAGEMENT AND BUDGET

26. OMB Circular No. A-119,
"Federal Participation
in the Development and
Use of Voluntary
Standards"

Source of Comment(s):
Business

This Circular establishes a Federal policy of relying on voluntary standards wherever possible and encourages Federal agencies to participate in the development of such standards. For example, the Federal Government uses industry standards (e.g., electrical outlet sizes) to simplify acquisition, encourage competition and restrain the costs of the goods and services it acquires. However, under this Circular, voluntary standards-setting organizations which desire Federal participation must certify to the Secretary of Commerce that they adhere to detailed procedures specified in the Circular; the Secretary is then required to maintain a list of such organizations. Because of the cost of meeting these Federal requirements, many small industry standards-setting groups may find it difficult, if not impossible, to participate.

27. OMB Circular No. A-95,
"Evaluation, Review
and Coordination of
Federal and Federally
Assisted Programs and
Projects"

Source of Comment(s):
State and Local
Governments

Under this Circular, Federal agencies are required to utilize clearinghouses established by State and local governments to ensure that Federal projects are properly coordinated with all affected parties. The process by which applicants for federal grants submit their applications for clearinghouse review appears to have turned away from the original purpose of avoiding duplication to undue emphasis on bureaucratic review.

OFFICE OF PERSONNEL MANAGEMENT

28. Federal Standards for
A Merit System of
Personnel Administration

Source of Comment(s):
State and Local
Governments

States are currently required to adopt a complex set of Federally mandated merit hiring practices to be eligible for a host of Federal programs. Programs requiring State merit hiring range from Food Stamps to Health Insurance for the Aged. The existing rules appear to be overly complex and burdensome on state and local governments, and restrain their flexibility to develop hiring practices more suited to their specific situations.

DEPARTMENT OF TRANSPORTATION

29. Marine Vessel
Construction Standards

Source of Comment(s):
Business

Coast Guard standards for new vessel construction appear to be more restrictive than most foreign construction standards. This variance puts U.S. shipyards at a competitive disadvantage with foreign shipyards and substantially limits the investment potential for construction of new commercial ships in this country. For instance, the double hull construction required to prevent oil pollution may not be the most cost-effective approach since it adds between seven and 15 percent to the total construction cost and introduces the danger of explosion of oil seepage between the hulls.

30. Geometric Design
Criteria for Highways

Source of Comment(s):
State and Local
Governments,
Consumer

Current FHWA regulations promulgate standards and guidelines for new construction of federal-aid highways. These rules apply to such matters as highway geometry, location of signs, bridge design, and location of traffic barriers. The review will address the complexity of these rules, as well as the appropriate responsibilities of state and local governments.

THE WHITE HOUSE

Office of Media Liaison

For Immediate Release

August 13, 1981

VETERANS VISIT WHITE HOUSE

For many members of the Blinded Veterans Association, a highlight of their participation in the 36th National Convention of the Association was an informal open house at the White House. On August 12, about 250 veterans and members of their families enjoyed a tour arranged by Carol McCain, Director of the White House Visitors Office.

In proclaiming August 13, 1981, as National Blinded Veterans Recognition Day, President Ronald Reagan gave special recognition to thousands of veterans who have suffered the catastrophic disability of blindness.

"Despite the extreme severity of this disability," the President noted, "these veterans have succeeded in leading useful and productive lives, in part through Federal programs for their readjustment but, more significantly, by drawing upon a special brand of heroism."

Photograph enclosed.

