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Remarks on Regulatory Reform

April 29, 1992

Well, a warm welcome to the White House for all of you. And first, I want to salute the three generals in the war for regulatory reform: our Vice President, Dan Quayle, Boyden Gray, and Dr. Michael Boskin. We also have here some frontline troops actively engaged in this process, members of the administration and Cabinet: Andy Card and Barbara Franklin and Jim Watkins and Lynn Martin and Dick Darman, Pat Saiki, Bill Reilly, and many others out here that are working for these kinds of changes. I also appreciate your efforts for fundamental reform of Government regulation. That's what brings us here today.

Regulation imposes what we see as a hidden tax on all Americans. This reform is one of the top priorities that I stressed in my State of the Union Message, and it's a vital element of our national reform agenda.

Two hundred years ago our Founding Fathers championed a whole new way of thinking about man's relationship to government by unleashing forces of social and economic freedom. They made the United States a haven for the poor and the oppressed, indeed, a land of opportunity. Our system did not promise material well-being, but it guaranteed personal freedom. In just one century's time, millions of poor people came here from every corner of the Old World. And because America empowered them to use their God-given talents to the fullest, people who came to our shores with nothing but faith and imagination made us the strongest and freest Nation on Earth.

Since the thirties, when a great economic shock hit the world, Government has often turned to projects of social engineering. And too often, in my opinion, Government embraced the notion that human actions, human choices could be organized to good effect only through bureaucratic blueprints. This posed a challenge to our precious heritage of limited government and the rule of law. It veered us away from the tradition of the accountability of citizen legislators. When Congress shirks the responsibility for leadership, it tends to embrace many premises of the command economy. For example, when Congress passes laws mandating Americans to dance to the tune of arbitrary social and economic goals, it leaves the details of this choreography to the bureaucracy. This is not right. The bureaucracy is not accountable in the same way a legislature should be or a President should be.

Over the years, many Americans have felt the growing burden of regulation's tax in disguise. And we learned some hard lessons. We learned that lonely keepers of the flame of economic reform, men like the late Friedrich von Hayek, were right. The era of bureaucracy and regulation produced one example after another validating von Hayek's observation: Rule by bureaucracy undermines the true rule of law and runs headlong into the iron law of unintended consequences.

Let me tell you what this means in the real world. Take a common concern about safety. Inflexible safety rules can undermine safety in unforeseen ways: If Government mandates make ladders more and more costly to consumers, just for example, more people will turn to cheaper substitutes. They'll climb on chairs or step stools which are far less safe. Of course, regulators creating such a rule would not intend to make people less safe, but that's just how it works in practice. That's what we mean by unintended consequences.

Consider another example, this time with environmental rules. Command-and-control environmental rules actually can harm the environment. Regulations under the old Clean Air Act, for example, required new power plants to install scrubbers to clean up air pollution. Not only did this increase the cost of electricity, but it also generated scrubber sludge to be disposed of in landfills. Now we have a much better, market-based program which provides companies more options in how they reduce pollution, for example through our innovative emissions trading program or through increased

use of cleaner burning natural gas.

I could go on all day with examples of inflexible rules that impose hidden taxes and costs on society. I could cite any number of abstract rules in collision with how things actually work: How highway fatalities can increase and American auto workers can lose jobs when Congress tries to legislate the fuel efficiency of cars; how a regulation system, plump with noble intentions, can keep life-saving drugs and medical devices from patients who need them. And let me add a personally gratifying note. The speed-up of approval for new "breakthrough" drugs for AIDS and for cancer and other life-threatening diseases is the culmination of the work that I was active in, that I helped begin almost 10 years ago.

Reforming regulation is a huge and time-consuming task. Presiding over the Task Force on Regulation during the eighties was, for example, one of the most important assignments that President Reagan gave me when I was Vice President. I've given a similar assignment to Vice President Dan Quayle and my Council on Competitiveness, and I am very grateful for his leadership and for the work of the Council.

Today regulation is facing a heightened public concern and a growing public impatience. Many times this manifests itself in the phrase, "Get the Government off our backs." More and more people are sending Washington an unmistakable message: Overregulation costs jobs. And thanks to this rising sentiment, we are able to accelerate needed reforms.

In my State of the Union Address, I lit a fire under our regulatory reformers, gave them 90 days to produce dramatic results. Today marks the 91st day, and let me report our reformers have come through with flying colors.

From biotechnology to banking to energy, we've made achievements that will lower costs and increase choices for American consumers. We've carried out reforms that will create and preserve good jobs for Americans and help us stay competitive in the world. We estimate that the reforms we've set in motion just since January 28th will save consumers about $15 billion to $20 billion a year. That's a savings of $225 to $300 per year for the average American family. And this is just a down payment on savings to come.

Every Agency that I asked to participate has responded with action. Some Agencies already have accomplished important reforms, and all Agencies have completed a reform agenda which they will carry out in the months ahead.

To help us move forward with our reform agenda, today I am ordering a 120-day extension of the moratorium on new regulations. I am directing the Competitiveness Council to take the lead in implementing these reforms. Our objective must be to stop new rules that hurt growth while speeding up new rules to help our economy. During the next 120 days I expect many more gains for freedom and common sense.

I'll ask the United States Congress to do its part. I'll be working with regulatory reformers in every Federal Agency to propose new legislation where needed to eliminate unreasonable regulatory burdens that are now mandated by statute. And Congress also should pass legislation that has been pending for 3 years to reauthorize the Paperwork Reduction Act. And further, I'm putting Congress on notice: I will veto any bill that attempts to put excessive new burdens of regulation on the backs of our families, our consumers, our workers, and our businesses. There will be no, and I repeat, no return to business-as-usual.

Let me be very clear about our aims: We cannot and will not abolish all regulation. I have responsibilities as Chief Executive to enforce sound regulations for the health and safety of the American people, and I'll keep that trust. The best way to keep that trust is through a fundamental reform of our system of regulation. This is more than a 3-month or even a 3-year effort. This is more than an exercise in adjusting or fine-tuning the system. The economy is beginning to recover now. To ensure that recovery continues and is strengthened, to ensure that we can create new jobs, we must continue our course of regulatory reform.

Our campaign for regulatory reform meshes with our efforts for Government reform, like our proposal to limit the terms

of Congressmen and make them more accountable. It fits also with our crusade for reform of the civil justice system, against the tyranny of these nuisance lawsuits that mock our time-honored traditions of justice. It goes hand in hand with our efforts to reform American education by allowing parents, not governments, to choose their children's schools. In short, there's a common purpose linking all of our efforts to renew the spirit and practice of limited government.

So let's take heart, and let's get to work. We can see the future, and it is a freer future. There is no doubt in my mind: The day is coming when we will put the final wrecking ball to the discredited system of the social engineers. We will restore this country. We will build it back, sturdy in the radical faith in freedom that is the legacy of our Founding Fathers.

Now I'm going to have the honor and privilege of signing the memorandum extending the regulatory moratorium. Thank you all very much.

Note: The President spoke at 2 p.m. in the Rose Garden at the White House.

Memorandum on Implementing Regulatory Reforms

April 29, 1992

Memorandum for Certain Department and Agency Heads

Subject: Implementing Regulatory Reforms

On January 28, 1992, I issued a memorandum asking each of you to set aside a 90-day period to conduct a review of existing regulations and programs and to accelerate initiatives that will create jobs and stimulate economic growth.

Your response thus far has been excellent. Together, we have already implemented numerous reforms that will ultimately reduce the prices American consumers and businesses pay for energy and transportation, increase the amount of credit available for business expansion and homes, cut red tape for emerging industries such as biotechnology, and reduce many other regulatory barriers to job creation and economic growth.

But much remains to be done. Within the next few days, each of you will be submitting a report outlining additional proposals to eliminate or revise unnecessary, and unnecessarily burdensome, regulations. Every agency has identified a number of reforms that can be accomplished without new legislation. We must make every effort to implement as quickly as possible those proposals that will create jobs and enhance economic growth without endangering public health or safety.

Accordingly, I ask that each of your agencies set aside the next 120 days for this purpose. To that end, I request that, to the maximum extent possible, you adhere to the following specific guidelines:

1. Reforms that do not require public comment should be implemented as quickly as possible, but no later than June 1, 1992. Reforms that have already been noticed for public comment should be issued in final form as quickly as possible, but no later than August 1, 1992.

2. Other reforms requiring public comment should be noticed for comment as soon as possible—but no later than June 15, 1992—with a view to issuing final rules no later than August 27, 1992.

3. On September 1, 1992, each agency should submit an additional report to me. This report should summarize all the pro-growth reforms implemented since January 28. It should also estimate the potential cost savings or other benefits to the economy created by these pro-growth reforms, including an estimate of the expected net increase in jobs.

4. To ensure that adequate agency resources are devoted to the reform effort, your agency should continue, during this 120-day period, to adhere to the moratorium as described in my January 28 memorandum. I emphasize, as I did then,