Edward C. Schmults to Senator James O. Eastland, 17 January 1976

Edward C. Schmults

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January 17, 1977

Dear Senator Eastland:

Over the past two and a half years, President Ford assigned a high priority to the reform of government regulation. During this period, Congress and the Administration have made important progress on this effort. However, I am sure you agree that much remains to be done.

The Domestic Council Review Group on Regulatory Reform has presented a report to President Ford reflecting on its experience, outlining its views of the regulatory problem and suggesting areas that require more attention.

Aware of your interest in this critical public policy issue, the President has asked me to forward you a copy of the report entitled "The Challenge of Regulatory Reform". We hope that this report adds to the growing public understanding of federal regulatory activities.

Sincerely,

Edward C. Schmults
Deputy Counsel to the President

Honorable James O. Eastland
United States Senate
Washington, D.C. 20510

Enclosure
THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

Government cannot expect the trust and confidence of its people unless it enacts and enforces laws that are effective, efficient and fair. When I took office in 1974, I found many of our regulatory laws outdated and unintelligible. Government agencies charged with their administration had become less effective than Congress or the people had originally intended. At the Economic Summit Conference, business and labor leaders, academics, consumers and government officials agreed that inefficient Federal regulation was contributing to the country's economic ills.

We have not solved all of these problems. But we have made an effective beginning. Important administrative and legislative reform has been achieved during my Administration, but more must be done to build upon these accomplishments.

I have received and reviewed a report from the Domestic Council Review Group on Regulatory Reform outlining the scope and complexities of the regulatory problem. It emphasizes the need for continued work on this important domestic issue.

The report highlights what I believe are the two basic challenges facing reform efforts in the future.

First, regulation differs from other devices used by government to achieve our national goals because the costs are hidden from public view. Often, government decision-makers do not know what the effect of new regulations will be in terms of costs or benefits. As a consequence, agencies are rarely forced to make trade-offs between competing demands, an essential management discipline central to the annual budget process.

Second, the general public is unaware of its stake in better regulation and therefore unable to form an effective constituency for change. Members of the public know very little about the complex economic effects of Federal regulations and are therefore at a distinct disadvantage when trying to counter the organized efforts of special interest groups seeking to preserve the status quo or to enact new laws serving their special interests. Sometimes these "special interests" are counter to the interests of the public at large.

Although I may not agree with all of the observations made in this report, I believe it presents a candid appraisal of what we have learned and what remains to be done. We must make the regulatory debate a more intelligent discussion of issues and alternatives. I am confident that this report will be a valuable contribution to future reform efforts.

I want to thank the Members of Congress and those individuals in the Executive Branch and the public who have worked with me on this important initiative. They have made a significant contribution to restoring the trust of our people in the institutions of their government, and I urge them to continue their good work.

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Description of Item:
- THE CHALLENGE OF REGULATORY REFORM: A REPORT TO
  THE PRESIDENT FROM THE DOMESTIC COUNCIL REVIEW
  GROUP ON REGULATORY REFORM (JAN 1977).

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