Federal Rule-Making Cut Nearly in Half, Administration Says

By Peter Behr
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The federal regulatory juggernaut has been slowed, if not stopped, the Reagan administration claims in a progress report on its campaign against government regulation.

The pace of federal rule-making has been cut nearly in half, administration officials say, and more than 180 rules have been delayed, changed or killed since January, cutting compliance costs by as much as $18 billion.

James C. Miller III, head of the administration's regulatory task force, acknowledged in a briefing Friday that the estimated reduction of $15.5 billion to $18.6 billion in regulatory costs was "fairly crude." The savings estimates were based on a third of the regulations involved, because no cost estimates were made on many of the smaller regulations, and the estimates assume that the regulation has been abolished. In many cases, the regulation eventually will take effect in scaled-back form.

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"We don't have good benefit estimates," Miller said.

More than half of the 180-plus rules withdrawn, modified or held by the administration involve three agencies — the Department of Housing and Urban Development, the Environmental Protection Agency and the Transportation Department. Many of the DOT and EPA rules were targets of a special effort to lighten the load on the auto industry.

Administration officials said the number of proposed rules published daily in the Federal Register has been cut in half since January, and the Federal Register is about a third smaller than when Reagan took office. That comparison may be exaggerated, for two reasons — the Carter administration enacted a flock of regulations in its final months, and the Reagan forces applied the brakes hard with its 60-day regulatory freeze.

Nevertheless, the freeze did mark the start of a sharp change in regulatory policy. It's clear that this administration intends to issue far fewer regulations than its predecessors.

Miller's scorecard shows that 847 federal regulations issued by executive branch departments and agencies have been reviewed since Jan. 20 by the OMB regulatory staff of 60 economists, statisticians and aides.

Only one "major" rule has been sent back to the issuing agency for revision because it didn't meet Reagan's standards for regulatory relief, Miller said. That was the Postal Service's ill-fated proposal for a nine-digit zip code, which has twice been rejected by OMB. A major rule is one that would have compliance costs of more than $100 million. Although all major rules are supposed to be reviewed, only four have been submitted to OMB thus far.

Fifty-five lesser regulations failed to pass OMB's scrutiny and were sent back for revision. And, 636 were found to be in accord with the regulatory guidelines and allowed to go forward, and 33 were approved without a regulatory review to comply with court or congressional deadlines or to deal with emergencies. The rest are still being considered at OMB.

To clarify its policy, the administration released Friday a new statement on how the costs and benefits of regulations are to be analyzed.

Among other requirements, regulators are directed to consider alternatives to issuing new rules, including, for example, relying on workmen's compensation and product liability laws to deal with safety and health protection. This reflects the administration's preference for having society shoulder more responsibility for regulating itself, aides said.

Regulators must prepare a "net benefit" assessment comparing costs and benefits, and new regulations should not be issued unless the potential benefits outweigh the costs.

So far, this has proved to be an inexact science in many instances. The administration's estimates of costs and benefits have been heatedly disputed in one particularly controversial case — the proposed revision of DOT regulations that would require installation of automatic seat belts in passenger cars beginning in 1982.

OMB has estimated that rescinding the regulation would reduce investments by auto manufacturers by $460 million and save consumers a total of $900 million.

William Nordhaus, a former member of the Council of Economic Advisers retained by the insurance industry to defend the seat-belt regulation, complained that the administration relied on auto industry cost estimates "without any reservations."

The National Highway Traffic Safety Administration "has not adequately explained how the costs of automatic belts have more than doubled . . . since 1977," even after allowing for inflation, he said.

If Nordhaus is right — and NHTSA says he is not — the administration has exaggerated the savings of this regulatory change significantly.