



OFFICE OF THE VICE PRESIDENT

WASHINGTON

THE PRESIDENT'S COUNCIL ON COMPETITIVENESS
FACT SHEET

"But you know as well as anyone how government--sometimes with the best of intentions--can hobble innovation and risktaking, the lifeblood of a successful business. Government naturally tends to expand ever outward, its red-tape oblivious to anything in its path. It touches everyone. Every regulation that reduces efficiency slaps a hidden tax on the consumer as well. . ."

- President George Bush
January 30, 1992

"We at the Competitiveness Council are committed to reducing and--wherever possible--eliminating excessive, burdensome and unnecessary regulations. Such regulations, in our view, threaten the loss of American jobs; place billions of hours of needless government paperwork on America's small business; impose millions of dollars of unnecessary federal mandates on our cities and towns, and raise the cost of products to American consumers."

- Vice President Dan Quayle
October 1991

Purpose

The President established the President's Council on Competitiveness to maintain and improve America's competitiveness. America's ability to compete depends upon achieving the following goals:

1. **Reducing Regulatory Burdens on the Free Enterprise System:** The Council on Competitiveness continues the duties of the Task Force on Regulatory Review, formerly chaired by then-Vice President Bush. The Council reviews government regulations to ensure they are cost effective and impose the lowest possible burden on the economy.
2. **Cutting Back Excessive Litigation:** The Council spearheads Administration efforts to promote product liability reform legislation and civil justice reform through federal legislation, model state legislation, and Executive Order 12778. These efforts will restore fairness to our court system and eliminate abuse of the legal system that imposes tremendous cost on our society.
3. **Developing Human Resources:** The Council develops strategies to improve America's human resources to provide for a knowledgeable, skilled and flexible work force. Reforming the American education system is a first step in improving U.S. competitiveness. The Council considers other issues such as labor, health, welfare, and

immigration, along with measures affecting the ability of the American work force to adapt to new technological advances that improve quality and productivity.

4. Bringing Science to Market: The Council seeks to eliminate government imposed burdens on scientific and technological progress which harm U.S. competitiveness. The Council also examines policies affecting commercialization of government research, federal procurement, and federal funding of research and development.

5. Ensuring Access to Capital: The Council pursues policies to allow the free flow of investment capital necessary for economic growth, such as reduction of the tax burden on investment capital.

REDUCING REGULATORY BURDENS

90-Day Pause and Review of Excessive Regulation

- o **President's Regulatory Relief Initiative**: The Council is coordinating a 90-day review of federal regulation announced by the President in his State of the Union address. During this 90-day period, the Council is working with federal agencies to eliminate or modify regulations which place an unnecessary burden on the economy and to accelerate any regulations that encourage growth and the creation of jobs. Agencies will also adhere to a 90-day moratorium on regulations that could hinder growth, to the extent they can do so without violating statutory deadlines or present an imminent threat to health and safety. The initiative is coordinated by a Council working group co-chaired by White House Counsel C. Boyden Gray and Council of Economic Advisers Chairman Michael Boskin.
- o **White Paper on Benefits of Deregulation**: The Council is preparing a comprehensive white paper examining the positive effects of deregulation for American consumers, workers, and businesses (including deregulation in the airline, trucking, railroad, oil and gas, and telecommunications fields).

Overseeing Regulatory Review Process (E.O 12291)

- o **Cost/Benefit Review**: The Council oversees the OMB review process to ensure that federal regulations do not place unnecessary burdens on businesses, and that the benefits outweigh the costs. For example, the Council worked with EPA to remove costly, mandatory recycling requirements from a new municipal waste combustor air emissions rule; OMB worked with HUD to set reasonable building standards under the Americans With Disabilities Act. OMB also reviewed regulatory burdens on pension funds, and made sure that voluntary pollution prevention initiatives are cost effective.

Clean Air Act Amendments

- o The Council monitors progress on implementation of the new Clean Air Act through regular meetings with the Environmental Protection Agency, Council of Economic Advisers, Office of Management and Budget and other agencies. The Council will work with the agencies to use all available administrative discretion to ensure that the regulations implementing the Act do not impose unnecessary costs on the economy. The Council's goal is to ensure the regulatory costs stay within the \$26 billion cost estimate agreed to by the President and Congress when this historic legislation was passed. This will maximize clean air benefits to society at minimum cost to the economy.

Working Group on Drug Approval Process

- o The Administration adopted the Council's goals to expedite the rapid development of safe and effective therapies necessary to save lives and eliminate suffering and to enhance U.S. competitiveness:
 1. By 1994, the FDA will reduce by 45% (to 5.5 years) the average development time for therapies eligible for "accelerated approval," i.e., therapies used to treat serious or life-threatening diseases or therapies for which there is no alternative therapy. To accomplish this, FDA will reduce the approval time for new drug applications (NDAs) to six months.
 2. By 1994, the FDA will reduce by 25% (to 7 years) the average development time for all other (non-accelerated) therapies. To accomplish this, FDA will reduce its approval time for these NDAs to 12 months.
- o To achieve these goals, FDA will implement 11 specific reforms recommended by the Council on Competitiveness that will expedite approval of both "accelerated approval" and all other therapies.
- o These reforms will augment efforts FDA has initiated to improve the drug review process. FDA has begun streamlining the process for submitting and reviewing applications, providing much greater access to patients for experimental drugs, strengthening management, and increasing cooperative discussions with sponsors during the development of new drugs in order to decrease development and review times.

Takings -- Protecting Property Rights

- o The Council coordinates Administration support for Senator Symms' Private Property Act (S. 50) and works with OMB and the Justice Department on legislation to increase agency accountability for "regulatory takings" under the

Fifth Amendment. The Council seeks to highlight an important concern: the need to minimize the impact regulations have on property rights.

- o The Council worked with the four agencies administering the wetlands program to revise the definition of wetlands so that dry lands are not inadvertently included as wetlands. The Council protects private property rights within the framework of the President's goal of no net loss of wetlands.

Telecommunications

- o The Council on Competitiveness is preparing a white paper outlining a comprehensive approach to government telecommunications policy, describing the opportunities presented by new communications technologies and regulatory barriers to their development.

CUTTING BACK EXCESSIVE LITIGATION

Federal Civil Justice Reform Agenda

- o The Council has recommended 50 major reforms that will reduce costs and delay in the federal courts. The reforms include:

The Fairness Rule, under which the losing party in litigation would pay the prevailing party's legal expenses in certain limited cases;

Discovery Reform, under which presumptive numerical limits would be placed on discovery, beyond which additional discovery would be governed by market incentives; and

Expert Evidence Reform, to eliminate "junk science" and to ban contingency fees paid to expert witnesses.

Product Liability

- o The Council developed the Administration proposal to reform United States product liability laws. Protecting consumer interests by safeguarding the price, availability, and variety of products; reducing the enormous litigation costs associated with product liability cases; and reducing liability risks that impede the development of safer products have long been policy goals of President Bush and Vice President Quayle. The Council will continue to work with congressional sponsors to pass product liability reform legislation.

DEVELOPING HUMAN RESOURCES

- o **Job Training and Education:** On January 17, 1992, President Bush announced his Job Training 2000 program. The initiative was developed by a joint working group of the Council on Competitiveness and the Domestic Policy Council, chaired by Secretary of Labor Lynn Martin. It is designed to meet the nation's workforce needs into the 21st century. The Job Training 2000 initiative consists of four major elements: 1) reforming vocational training; 2) facilitating the transition from Welfare-to-Work; 3) enhancing the transition from School-to-Work; and 4) promoting life-long learning.
- o **Promoting Choice in Education:** The Vice President has strongly supported state and local initiatives to implement parental choice in America's schools. The Council will aggressively push the President's AMERICA 2000 Education strategy which promotes: 1) better and more accountable schools through choice; 2) creating a new generation of American Schools for tomorrow's students; 3) transforming America into a nation of students; and 4) making our communities places where learning will happen.

BRINGING SCIENCE TO MARKET

Biotechnology Working Group

- o In January 1991, the Council released its Report on National Biotechnology Policy that makes 15 recommendations to enhance the competitive status of the American biotechnology industry and outlines the Administration's policy to support free market development of biotechnology products.
- o The Working Group will propose an Administration policy on the type and character of oversight necessary for certain environmental and agricultural research and products. The result will describe the pathway for commercialization of these important new products.

Working Group on Commercialization of Government Research

- o The Council focuses on Administration policy for ensuring an appropriate free market climate for the development and commercialization of technology. An important issue is the Administration's overall strategy and specific mechanisms to facilitate transfer of federally-funded research.
- o The Council released a fact sheet on April 25, 1991, entitled "Achieving Competitiveness in National Critical Technologies: Policies in Support of Technological Development in America." The Council is developing free market policies and deregulatory initiatives to allow private industry to develop new technologies in the National Critical Technologies Report in collaboration with the Office of Science and Technology Policy.

Banking Reform

- o The bank and thrift regulatory agencies will enhance the ability of banks and thrifts to raise additional capital by permitting financial institutions to include a greater percentage of the value of purchased mortgage servicing rights and credit card relationships as Tier One Capital; and phasing out the supervisory definition of "highly leveraged transactions" for banking companies, which will enhance many businesses' access to debt capital.
- o At the same time, the FDIC will implement a new risk-based premium system ahead of the deadline authorized by last year's banking legislation, and in a manner that provides clear guidance to banks and does not arbitrarily expand bank examiners' discretion. Healthy banks should be rewarded with lower premiums, which in turn can generate new lending to help fuel the economy without endangering the FDIC's insurance fund.

Securities Reform

- o The Securities and Exchange Commission will undertake to simplify registration requirements, reduce costs, and improve access for small businesses seeking capital from securities markets by proposing rules to: increase the maximum size for public offerings under the streamlined procedures of SEC Regulation A from \$1.5 million to \$5 million; and create a simplified securities registration form designed for easy use by small businesses; and reduce paperwork for small businesses.

Council Structure

On March 31, 1989, President George Bush established the Council on Competitiveness. The Council is chaired by Vice President Dan Quayle and is comprised of:

The Secretary of the Treasury, Nicholas Brady
The Attorney General, William Barr
The Secretary of Commerce, Barbara Franklin
The Director of the Office of Management and Budget, Richard Darman
The Chairman of the Council of Economic Advisers, Michael Boskin
The Chief of Staff to the President, Samuel Skinner (Ex Officio)

The Executive Director of the Council on Competitiveness, David M. McIntosh, is responsible for coordination of the Council activities.

There are five Associate Directors: Bill Burrow, John Cohrsen, James Gattuso, Nancy Mitchell, and David Rivkin.

Jurisdiction

The Council reviews regulatory issues, and other such issues as may be referred by the President, bearing on competitiveness in coordination with other Cabinet councils.

In reviewing regulatory issues affecting competitiveness, the Council exercises the same authorities that were given to the Presidential Task Force on Regulatory Relief pursuant to Executive Orders No. 12291 (February 17, 1981) and No. 12498 (January 4, 1985).