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KREPS WARNS OF PRODUCTIVITY  
LOSSES CAUSED BY REGULATORY  
BURDENS

"National expenditures for pollution abatement and health and safety programs have cut more drastically into U.S. productivity gains than we may have realized," Secretary of Commerce Juanita M. Kreps said today.

The Secretary was commenting on a study published by the Department's Bureau of Economic Analysis and written by Edward F. Denison of the Brookings Institution.

"According to Denison's study, in 1975 three factors, pollution abatement requirements, health and safety regulations and crime, cut productivity in the U.S. economy by one half a percentage point. This is a substantial amount in light of the fact that overall productivity has only been rising about two percentage points a year in the recent past," Kreps emphasized.

"The drag on productivity which results from these higher costs has disturbing implications for our international competitiveness and our long-term ability to reduce the rate of inflation.

"Environmental and health and safety requirements have provided the American people with enormous benefits, many of which are not measured by our conventional yardsticks of growth. We must find better ways to account for these benefits.

"Given the drag these regulations have on economic growth, however, we also must be careful to take full account of the costs imposed on the economy and on individual industries. This year, I plan to put a high priority on better measurement of the costs of regulation and on proposals for reducing these costs without sacrificing important public benefits."

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