

News from Senator

BOB DOLE



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FOR IMMEDIATE RELEASE
MONDAY, OCTOBER 29, 1979

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SENATE PASSES DOLE FINANCIAL REGULATION SIMPLIFICATION BILL

WASHINGTON -- The Senate today passed a bill by Senator Bob Dole (R-Kan.) aimed at eliminating unnecessary costs and burdens imposed on the financial community by federal regulation. The bill, the Financial Regulation Simplification Act of 1979, was attached as an amendment to the Senate banking bill.

The Financial Regulation Simplification Act requires that the federal financial regulatory agencies periodically review existing regulations in light of the bill's policy goals.

"By approving this bill, we can confidently say that we have contributed to restoring our nation's economic health," Dole said. "We can begin to ease the regulatory burden facing our financial institutions and streamline the regulatory process that now binds them in red tape at every turn."

In addition to the periodic review of existing regulations, financial regulatory agencies must meet six specific policy criteria as a standard in issuing any new regulations under the Dole bill:

1. The need for and purpose of the regulation are to be established clearly.
2. Meaningful alternatives to the regulations must be considered before any regulation is issued.
3. Compliance costs, paperwork and other burdens on the financial institutions, consumers and public are to be minimized.
4. Conflicts, duplications and inconsistencies between the regulations issued by the federal financial regulatory agencies are to be avoided.
5. Participation and comment by other agencies, financial institutions and consumers must be available. This does not mean, however, that formal, trial-type hearings on each and every proposed regulation are required.
6. When regulations are issued, they shall be as simple and clearly written as possible and understandable by those who are subject to the rules.

So that agencies are held accountable to the Congress for implementing the provisions of this bill, each agency is to provide an annual report of its progress to the House and Senate Banking committees, to be included in the regular annual report each agency submits to Congress.

Significantly, those agencies that must meet the requirements of the bill, the Federal Home Loan Bank Board, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the board of governors of the Federal Reserve System, all supported the bill. Also supporting the bill were those institutions to be protected by the bill, including the American Bankers Association, the National Savings and Loan League, the Credit Union National Association, the National Academy of Mutual Savings Banks, and the Independent Bankers Association of America.

"There is a growing library of research which demonstrates how staggering are the costs of government regulation of business," Dole said. "However, the most disturbing aspect of this trend is that much more is involved than just direct costs of regulatory activities. Regulations contribute to our nation's severe inflation problem. Productivity growth, a necessary ingredient of a healthy economy, is eroded. Innovation is stifled because of the smothering effect of cumbersome regulations."

Senators William Proxmire (D-Wis.) and Jake Garn (R-Utah), chairman and ranking Republican, respectively, on the Senate Banking, Housing and Urban Affairs Committee, gave their support to the Dole bill.