



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-198239

April 16, 1980

A
The Honorable Abraham Ribicoff 06600
Chairman, Committee on
Governmental Affairs
United States Senate

Dear Mr. Chairman:

This is in response to your letter of March 15, 1980, in which you requested our ~~comments on a bill that had been referred to your committee~~ entitled the Productivity Improvement Act of 1980 (S.2417)

As Senator Bentsen made clear when he introduced the bill on March 12, 1980, it is based largely on our recommendations prepared at Senator Bentsen's request. The bill reflects our belief that a strong focal point for productivity improvement is needed in the Federal Government to counter our Nation's declining productivity.

Need For An Effective
Productivity Effort

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The current National Productivity Council was established on October 23, 1978, by Executive Order 12089. It is chaired by the Director of the Office of Management and Budget. The Council has met four times since its establishment and is considering what action should be taken by the Government in areas of labor-management committees, productivity statistics, and State and local government productivity. While this represents a positive step, the Council has only two staff members and has not shown itself to be a policymaking group.

Productivity is a vitally important national issue that requires a Federal commitment stronger than the current Council can provide.

The key leverage point for the Federal Government to improve private sector productivity is through policy initiatives in such areas as tax and regulatory policy. While there are numerous factors to consider in deciding these policies, there must be a strong advocate in the decision making process to represent concerns for productivity. This does not now exist.

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There is also a need for a top level group that can provide oversight, direction, control, and coordination to departments and agencies in areas of productivity improvement. The numerous Federal programs to improve private sector productivity must have some form of central review in order to translate them into meaningful policy initiatives.

The Proposed National Productivity Council

We believe the proposed Act, if enacted, will be a significant improvement over the current Council for the following reasons.

- The proposed Productivity Council would have the added authority and stability of being a statutory body rather than an organization established by executive order. The present Council is simply a committee of Federal officials with no statutory authority or funding.
- The proposed Council would provide a high-level, full-time Chairperson who would provide a meaningful focus on national productivity.
- The Council and the Departments of Commerce and Labor and the Federal Mediation and Conciliation Service would be assigned specific functions and responsibilities for improving productivity.
- The Council would be required to develop a national productivity plan to outline what the Federal Government is doing and should be doing to improve productivity.
- The Productivity Council would be provided adequate staff and a full-time chairperson to help it meet its legislative mandate.
- A National Productivity Advisory Board would be developed, composed of not more than 10 members representing business, labor, and academia to advise the Council on appropriate actions for the Federal Government to take to improve productivity. If properly used, this Board could contribute to improved cooperation between the public and private sectors in attempts to improve productivity.

We consider the development of a National Productivity Plan to be the most important aspect of the proposed Act. While there are numerous Federal efforts to improve productivity, they fall far short of an effective national productivity improvement effort. They are, for the most part, relatively small programs that are not part of a broader strategy. A National Productivity Plan, backed up by a strong Council, is needed to harness and direct these activities and ultimately help improve national productivity.

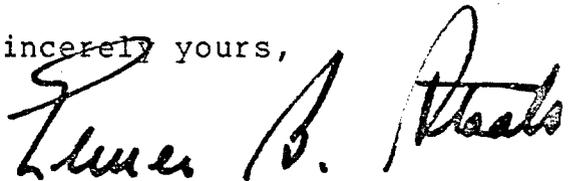
Conclusion

Although the National Center for Productivity and Quality of Working Life was terminated in September 1978, the problems it was to have addressed remain and, in fact, have grown worse. Furthermore, there now is no strong Federal mechanism to help improve productivity, despite the existence of the current Productivity Council and the increased recognition that declining productivity is a major contributor to inflation.

The proposed legislation will, at nominal cost, provide the United States with a needed focal point to plan and coordinate Federal actions related to private sector productivity. Such an effort is needed to reverse our productivity trend and strengthen our economy. We, therefore, urge favorable consideration of the Productivity Improvement Act of 1980.

Thank you for providing us the opportunity to comment on this important legislation. Please contact us if we can be of any further assistance.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Luther B. Reals". The signature is written in a cursive style with a large, prominent initial "L".

Comptroller General
of the United States