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Office of the White House Press Secretary

THE WHITE HOUSE

TEXT OF REMARKS BY THE PRESIDENT
TO BE DELIVERED TO THE 63RD ANNUAL MEETING
OF THE CHAMBER OF COMMERCE OF THE UNITED STATES

It is like a spring tonic to appear before a meeting of the Chamber of Commerce of the United States. Individually and collectively, you have always presented such an upbeat, positive approach to America that it feels good just to be with you.

Believe me, we need more of that vitality -- that zest for problem-solving -- and that absence of cynicism that so typifies your membership. Let me also congratulate you on the relevance of your theme for this meeting: America's Future -- Our Critical Choices.

As leaders of business, industry and government -- we join together today to explore the future -- so that we may seize the opportunities and be better able to cope with the problems we face in common. The mutuality of our problems was never more clearly stated than when I was introduced at a business conference recently.

The moderator said, "The greatness of America is that anyone can grow up to be President of an auto company, President of an airline, President of a utility, or President of the United States." Then he took a long pause and added, "That's just one of the chances you have to take!"

It's appropriate at this 63rd annual meeting, that my appearance follows a slide show sketching the critical choices for the future of our country. That presentation hits many of the points I have been discussing during the past few months.

These critical choices must be made, and they must be made just as swiftly as the Congress and this Administration can work out effective solutions.

One of the most serious problems facing us is the runaway spending of the Federal Government. It poses a genuine threat to our way of life.

I have called on the Congress to hold the deficit line this year at what I consider the alarming figure of \$60 billion. I am pleased that both Houses of the Congress appear to be ready to use their newly-instituted budget reform procedures to impose ceilings on total spending for the next fiscal year.

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Even though I feel the ceilings proposed by the Congressional Budget Committees are too high, I am glad that the Congress is demonstrating more concern about overall spending than has been the case in the past.

While the spending problems we face are enormous, I must say I agree with the Chamber that there is far more right with America than wrong.

And I agree with your President that we have taken for granted the things that are right with America so long that we need to be reminded of them.

An outstanding example is the fact that, under our free enterprise system, we consistently produce higher-quality, safer, more reliable goods than any economy which operates under rigid governmental controls. Planned economies simply do not achieve the quality or the low price of goods which are the fruits of our open and competitive system. Buyers overwhelmingly prefer products of the free enterprise system.

Where business competes for the buyer's dollar, the result is better products.

We tend to overlook, also, that the survival of American business is directly dependent on its ability to provide the largest number of consumers with goods of high quality, utility and safety at attractive prices. The self-interest of American business demands that it please customers, while there is no such automatic mechanism of consumer protection in the controlled economies.

We are a dynamic society with a dynamic economy. But this requires that we, as a people, ensure that our governmental institutions are responsive in adapting to changing conditions. Let me discuss with you one function performed by government, yes, even ours, regulation, which requires our attention and is in need of reform.

In discussing regulation, let me say we should be prepared to listen carefully to the case of those who might be injured by deregulation or changes in regulations -- but we must make our decisions in terms of what benefits all of us. I have confidence that our system can make the changes that are required to meet the challenges of our dynamic society.

It may be useful to distinguish between the two broad kinds of government regulation. First, there are regulations designed to deal with the competitive performance of such industries as railroads, trucking, airlines, utilities and banking. This type of regulation controls rates, the right to serve specific markets, and competitive practices.

One of the most impressive outcomes of the September Summit Conference on Inflation was the near-unanimous agreement of all participants of all persuasions that there are tremendous efficiency losses, reductions in productivity and unnecessary costs to the economy from this kind of regulation. Almost without exception, the conferees recommended reform or elimination of obsolete and unnecessary regulations.

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It is important to recognize that these obsolete and unnecessary regulations are not the result of perversity on the part of some regulatory body or government official. Rather, they result from the fact that the regulatory process is inherently static.

Regulations do not automatically expire when they have outlived their usefulness. There is no systematic pattern of review. And even when it is acknowledged that changes are warranted, procedural delays often result in obsolete rules remaining in force for years. In short, while the intention of regulation is to protect consumers, it sometimes does the opposite.

In many cases, the reduction or elimination of existing regulations would result in lower prices for consumers and open new opportunities for business. In other industries, where there is inadequate competition, regulation should continue. But it is the job of government to ensure that such necessary regulation is administered efficiently and fairly.

A second kind of regulation is concerned with social issues such as occupational safety, consumer product safety, and the environment. This kind of regulation is generally of more recent origin -- but it is becoming more important every day.

The central issue here is the need for a proper assessment of costs and benefits. The question is not whether we want to do something about noise and safety -- but whether making changes in our regulations would make sense in terms of the costs added and benefits gained.

When I talk about costs, I am not just talking about cold figures in a book-keeping ledger. I am talking about what you pay in the marketplace -- in the supermarket, the clothing store, and the ladies' boutique. Ultimately, all such costs are paid by you -- the consumer.

All too often the Federal Government promulgates new rules and regulations which raise costs -- and consumer prices at the same time -- to achieve small or limited social benefits. In these cases, we must either revise proposed rules and regulations to lower their costs or we must not adopt them. Moreover, we must examine the whole range of existing rules and regulations to determine where modifications could lower costs without significantly sacrificing their objectives.

Let me emphasize, however, that we do not seek to eliminate all regulations. Many are costly, but they are essential to preserve public health and safety. But we must know their costs and measure them against the good the regulations seek to accomplish.

A major problem is that these costs are often hidden from the public. While we are all accustomed to the open debate on the government's budget, far too little attention has been focused on the ways in which government regulations levy a hidden tax on the American people.

In the nearly 90 years since we created the first Federal Regulatory Commission, we have built a system of regulations which abounds with contradictions and excesses -- all to the detriment of the public.

There are sound estimates that government regulations have added billions of unnecessary dollars to business and consumer costs every year. To reverse this trend of growing regulations, my Administration is working hard to identify and eliminate those regulations which now cost the American people more than they provide in benefits.

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I feel strongly, as I know the Chamber does, that we must keep and improve on those regulations which work. But we must discard those that do not.

Let me review with you, now, some of the steps we are taking to make sure that we concentrate not on rhetoric but on results.

First, I have asked all offices within the Executive branch to evaluate the inflationary impact of significant legislation, rules and regulations which we propose. And let me say that I am delighted that the House of Representatives has also adopted changes in its rules to require the measurement of the cost of legislation before it is adopted.

Most people would agree that some regulation is needed -- but only when we know the costs of proposed government actions can we rationally determine how much regulation we are willing to pay for. For example, is it worth as much as thirty billion dollars a year of consumers' dollars to reduce the level of occupational noise exposure by approximately five decibels? Have air bags been proven sufficiently cost-effective for us to require their installation in all cars at between one hundred dollars and three hundred dollars each?

Earlier this year, I sent to the Congress a comprehensive program to seek energy-sufficiency for our Nation. Among the highest priorities of this effort is my proposal to remove the Federal price controls on new natural gas sold in interstate markets. At present, the artificially low price of natural gas marketed interstate has curtailed exploration and development and forced users shut out by the present shortages toward either curtailment of their operations or greater dependence on oil. Inevitably, inaction by Congress will result in plant shutdowns and job layoffs.

We have already submitted a Financial Institutions Act which would phase out some of the most anti-competitive Federal regulations governing banks and thrift institutions. The American people will benefit if all financial institutions are able to offer a wider variety of lending services and pay more competitive interest rates to savers.

In the coming weeks, I will send to the Congress a comprehensive transportation program designed to achieve maximum reform of Federal regulations governing our railroads, airlines and trucking firms.

The first of these bills will permit railroads to begin to adjust their rates within specified limits -- without I. C. C. interference. The legislation will eliminate a number of the anti-trust exemptions now granted to the railroads, and improve procedures for mergers and abandonments.

The increased competition brought about by this legislation will lower costs for consumers and save approximately 70,000 barrels of oil a day.

Legislation proposing corresponding reform measures for trucking and airline regulation will follow shortly.

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Another element of our program is pending legislation in the Congress which would end the so-called fair trade laws. Federal law now permits states to allow manufacturers to dictate the price of their products, and drives up the cost of such items as books, cosmetics, shoes and hardware.

These depression-era laws -- which cost consumers an estimated \$2 billion a year -- should be laid to rest alongside the N. R. A. Blue Eagle of the same period.

In addition, I will propose changes in other laws which restrain competition and thus deny buyers substantial savings. The Robinson-Patman Act is a leading example of such laws. It discourages both large and small firms from cutting prices, and it also makes it harder for them to expand into new markets and to pass on to customers the cost savings on large orders.

Finally, there are a number of related actions which will improve our understanding of government regulation and facilitate future changes. The problem of government-imposed reporting requirements has become so acute that our government has had to create a Commission on Federal Paperwork.

Yes, that's right. There's a committee, a board, an agency or a commission in Washington for just about everything, including trying to cut down the onerous filling out of federal forms -- which last June numbered exactly 5,146 separate types.

The Commission will represent the Administration, the Congress, and the public -- and I intend to see that its wide powers are used effectively to cut down the unnecessary burden on our American free enterprise system.

I will be convening shortly an unprecedented meeting of all the Commissioners of the ten major independent regulatory agencies. Joining them will be key members of the Congress and the Administration.

Together, we will discuss the imperative need to foster greater competition in the public interest, and the equally imperative need to consider the inflationary effects of all proposed new regulations.

Let me reaffirm to you today my conviction that the best way to begin our efforts is to improve the government we have -- not to enlarge it -- because I do not believe a bigger government is necessarily a better government.

I have ordered action by the Executive departments and agencies to make major improvements in the quality of service to the consumer, and I have asked the Congress to postpone action on legislation which would create a new Federal agency for consumer advocacy.

I do not believe that we need yet another Federal bureaucracy in Washington with its attendant costs and additional Federal employees. At a time when we are trying to cut down on both the size and the cost of government, it would be unsound to add still another layer of bureaucracy.

Instead, the program I have outlined represents the first steps toward improving the government's ability to serve its citizens.

Let me add that I need your help in so many ways. I need your views and your ideas and your suggestions -- for in that way we can bring the full weight of the business community to bear on solving the mutual problems we face.

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I urge you to bring to my attention those government practices which you feel unnecessarily add to costs and interfere with the effective working of our free enterprise system. You will be doing your country and your fellow-businessmen a service -- as well as yourself.

We have a unique opportunity now to make some long overdue changes in a system of regulations which has not kept pace with the times. The critical choices remain to be made. But I am confident that America has the capability, and the desire, to respond to these challenges. These fundamental reforms are vital to our economic recovery and long-range stability.

I commend the Chamber for the advertisements entitled "What's Right With America," which it is running in newspapers across the country.

Of the 12 items listed in the ad, I particularly like Number 6, which says:

"We have a willingness to experiment with different forms of social, economic and political organization -- keeping what works and discarding what doesn't."

That sums up well what I have been trying to say to you here today.

Let us work together in these efforts, which will benefit all Americans.

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