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THE WHITE HOUSE

REMARKS OF THE PRESIDENT

TO THE

63RD ANNUAL MEETING OF THE
CHAMBER OF COMMERCE OF THE UNITED STATES

CONSTITUTION HALL

10:25 A.M. EDT

Chairman Smith, President Booth, members and guests of the United States Chamber of Commerce:

It is like a spring tonic to appear before a meeting of the Chamber of Commerce, and I thank you most generously for your warm welcome. Individually, as well as collectively, you have always presented such an upbeat, positive approach to America that it really feels good to be with you this morning.

Believe me, we need that kind of 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, Government, we join together to explore the future, so that we may seize the opportunities and be better able to cope with the problems that we face in common. The mutuality of our problems was never more clearly stated than when I was introduced at a business conference quite 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 is just one of the chances you have to take." (Laughter)

Speaking of Presidents, I would like you to join with me in a salute to someone we are all fond of and proud of, someone who has been a driving force in the Chamber. Arch Booth is leaving as Chamber President to begin some new adventures.

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In his 32 years with the Chamber, he has helped to build this organization into a dynamic force for good in America, a force that is adaptable, responsive and innovative.

As long as I have been in Washington -- which is more than a generation -- Arch, you have been a force for progress in the White House and on Capitol Hill. We will miss you, and all of us wish you the very, very best.

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

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

One of the most serious problems facing us, of course, is the runaway spending of the Federal Government. It poses a genuine threat to our way of life. I have called upon the Congress to hold the deficit line this year at what I consider the alarming figure of some \$60 billion.

I am pleased that both Houses of the Congress appear ready to use their newly instituted budget reform procedures to impose ceilings on total spending for the next fiscal year.

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

While the spending problems we face are enormous and very, very serious, I agree with the Chamber that there is far more right with America than what is wrong with our great country.

I most certainly agree with your President that we have taken for granted the things that are right with America so long that we must remind ourselves as to what is right with America. An outstanding example is the fact that under our free enterprise system we consistently produce higher quality, safer and more reliable goods than any economy which operates under rigid government controls.

Planned economies simply do not achieve the quality or the low price of goods which are the fruits of an 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 the 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.

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The self-interest of American business demands that it please customers while there is no such automatic mechanism of consumer protection in controlled economies.

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

In discussing regulation, let me say we should be prepared to listen carefully to the case of those who might be injured by de-regulation, or changes in regulation. But we must make our decision 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 at this point 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 nearly unanimous agreement among all participants of all persuasions that there are tremendous efficiency losses, reductions in productivity and unnecessary costs to the economy from some aspects of this kind of regulation.

Almost without exception, the conferees recommended reform or elimination of obsolete and unnecessary regulations. 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 just the opposite.

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In many cases, the reduction or elimination of existing regulations would result in lower prices for the consumer 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 insure that such necessary regulation is administered efficiently and fairly.

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

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

When I talk about costs, I am not just talking about cold figures in a bookkeeping ledger. I am talking about what you pay in the marketplace, in the supermarket, in the clothing store, in the ladies boutique. Ultimately, all such costs are paid by you, the producers, and your wives, the consumers.

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 somewhat limited social benefits, in these cases we must either revise proposed rules and regulations to lower their cost, or we must not adopt them in the first place.

Moreover, we must examine the whole ranges of existing rules and regulations to determine whether 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 public safety. But, we must know their cost and measure those costs against the good that the regulations seek to accomplish.

A major problem is that these costs are often hidden from the public generally. While we are all accustomed to an 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 abound 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 regulation, my Administration is working hard to identify and to eliminate those regulations which now cost the American people more than they provide in benefits.

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I feel strongly, just as the Chamber does, that we must keep and improve those regulations which work, but we have an obligation to discard those that do not.

Let me review with you for a moment 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.

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 cost 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 \$30 billion a year of the consumer dollar 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 \$100 and \$300 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, as quickly as possible, 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 present shortages toward either curtailment of their operations or greater dependence on oil.

Inevitably, inaction this year by the Congress will result in plant shutdowns and job layoffs. We cannot afford that bad result.

We have already submitted a Financial Institutions Act, which should 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.

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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 ICC interference. The legislation will improve procedures for mergers and for abandonments.

The increased competition brought about by this legislation will lower costs for consumers and save approximately 70,000 barrels of oil each day. Legislation proposing corresponding reform measures for trucking and airline regulation will follow shortly.

Another element of our program is pending legislation in the Congress, which would end the so-called fair trade law. Federal law today now permits States to allow manufacturers to dictate the price of their product and drives up the cost on 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, along with the NRA Blue Eagle of the same period.

In addition, I will propose changes in other laws which restrain competition and 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 larger number of related actions, which will improve our understanding of Government regulations and facilitate future changes. The problem of Government-imposed reporting requirements has become so acute that your Government has had to create a Commission on Federal Paperwork.

Yes, that is right. There is 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. That's many, too many.

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

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I will be convening very shortly an unprecedented meeting of all of 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 equal imperative need to consider the inflationary effects of all proposed new regulations.

Let me reaffirm to you today my deep personal conviction that the best way to begin in our efforts is to improve the Government we have, not to enlarge it.

I do not believe a bigger Government is necessarily a better Government.

May I add this: Please never forget, a Government big enough to give us everything we want is a Government big enough to take from us everything we have.

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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 cost of about \$60 million over the next three years, and hundreds of additional Federal employees.

At a time when we are trying to cut down 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 Government's ability to serve all of its citizens.

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

I urge you to bring to my attention those Government practices which you feel unnecessarily add to cost 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 right now to make some long overdue changes in a system of regulation 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 our long-range stability.

I commend the Chamber for the advertisements entitled, "What's Right With America."

Of the 12 items listed in the ad, I particularly like number six, 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 very well what I have said to you here today. So, let us work together in this effort which will benefit all Americans.

Thank you very much.

END

(10:55 A.M. EDT)