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THE WHITE HOUSE

REMARKS OF THE PRESIDENT
TO THE
CHAIRMEN AND COMMISSIONERS
OF THE
INDEPENDENT REGULATORY AGENCIES

THE EAST ROOM

11:07 A.M. EDT

Good morning. It is a pleasure and a privilege to have you here.

Mr. Vice President, members of the Cabinet, members of the various regulatory agencies:

I will make an initial, relatively short statement, to be followed by Rod Hills, being the moderator for the introduction of the four topics which are on the agenda, and Paul MacAvoy will give an introductory remark or two concerning each subject, and then, as I think all of you have been told, there will be one and perhaps several from each of the -- well, from some of the regulatory agencies, making an introductory observation and comment, and then a period will be given in each case for members of the various regulatory agencies to make observations and comments.

I think it is quite obvious that I feel very deeply that we must seriously consider the cost to the American consumers of all Government activities. And this, of course, includes regulatory agencies.

Regulatory reform is a theme that arose repeatedly in the course of last fall's economic summit meetings. It is a theme that is finding, as I travel around the country, growing attention and support, both in popular and economic literature, in the Executive Branch and the Congress, and I am pleased to note among Government regulators themselves.

A short time ago I met with 24 Members of Congress on this particular matter. There was unanimity on this bipartisan group that we must examine our regulatory practices to make sure they are meeting our present need.

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There was agreement that competition should be relied on whenever possible and that where regulation is unnecessary, it should be avoided. Also there was a persistent concern expressed by this group that some Government regulation costs the country more than it returns in benefits, and that the regulatory process often benefits special interests at the expense of the general public.

Finally, there was consensus that the important public service role of the commissions must be reflected in the attitude of the regulators and the welfare of the consumer must also always be the first concern on their minds.

I have a strong belief that the cost which regulation imposes on private citizens should be faced very squarely. Every citizen should be aware that in some cases the cost in some cases means higher prices, reduced efficiency, less consumer choice, and fewer imaginative ideas.

In calling today's meeting, I do not suggest that the problems reside exclusively in your agencies or commissions.

Regulations that impose costs on consumers can also be found in Cabinet departments and in the intricate, sometimes invisible web of laws and regulations at State and local levels.

My Administration is focusing public attention on the need to eliminate or to minimize unnecessary controls. We should recognize that occasionally Government policies which appear to be in the short-term public interest are in fact detrimental to long-term consumer interests.

I am asking for your continued and intensified help in identifying ways the commission can assist in our collective efforts to restore inventiveness and growth in the American economy.

As we look for short-term solutions, we must also chart a course that permanently relieves the economy of unnecessary long-term impediments. In some instances, the circumstances which caused Government to institute regulatory schemes have changed. You should be the leaders in identifying areas where regulations should be eliminated or substantially revised.

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You have been given by law extraordinary authority to regulate the economy for the public good. With these unusual powers and responsibilities, you must function as models of effective and open Government.

There are four major areas that deserve very careful attention.

First, there must be a constant effort to improve each commission's ability to identify the costs and the benefits of current and proposed regulation. You should make sure that the quality of your economic analysis matches your high standards of legal professionalism.

In particular, the costs, as well as the benefits, of restricting competition, must be considered. Also, the benefits of worthwhile social goals must be weighed against their economic cost to the Nation as a whole.

As you know, I have ordered all departments and agencies to prepare an inflation impact statement on each of their major proposals. I am pleased that the House of Representatives has changed its rules to require similar analysis -- and I note that the Senate in several similar measures is doing the same thing. I ask each of you to give this matter the highest priority.

Second, we must take every possible step to make sure that the backlog and the delays in regulatory proceedings do not weaken the public belief in an equitable and efficient regulatory system.

If legislation is needed, you may be certain that the Congress and the Administration will provide such laws.

Third, the public can rightfully expect that you be the leaders in suggesting appropriate legislative changes in your authorizing statutes.

Fourth, I have asked all departments and all agencies to re-examine their present procedures for assuring that the consumers' interests prevail.

I believe that competition in product quality and price is the best consumer protection. By freeing entry, adding to rate, flexibility and promoting service competition, the consumer can be given the choices that only the marketplace can provide.

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I also urge you to insure clear communications with consumers so they will better understand your actions.

Our joint efforts in these areas will move us a long way toward the efficient and useful regulatory system that we all seek.

In addition to achieving these administrative reforms, my Administration specifically will be seeking further legislation that would also intend to reform our system of regulation.

It is my strong conviction that the consumer is best able to signal his wants and needs through the marketplace, that Government should not dictate what his economic needs should be.

Therefore, I have proposed and will continue to support legislation to relax or eliminate the Federal controls over areas where I believe the marketplace can do a better job. I believe the Government should intrude in the free market only when well-defined social objectives can be obtained by such intervention, or when inherent monopoly structures prevent a free competitive market system from operating.

Government should foster rather than frustrate competition. It should seek to insure maximum freedom for private enterprise.

Agencies engaged in regulatory activities can expect that the Antitrust Division of the Department of Justice will continue to argue for competition and lower consumer prices as a participant in your agency's proceedings.

Furthermore, the Attorney General will continue to insure vigorous antitrust prosecution to remove private sector barriers to competition. We have, or will propose regulatory reform legislation in such areas as energy, transportation, financial institutions, and communications.

I have asked Congress for its cooperation in giving these bills early consideration, and I ask for your personal and organizational support in achieving needed reform.

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The legislation I am proposing would reduce the Government's role in the setting of prices. Also, it would enhance innovation by making it easier for new businesses to compete with existing firms. It would remove barriers from existing firms to allow them to develop new services and lower prices as well as abandon unprofitable or unnecessary services.

This meeting and my earlier meeting with the Congressional representatives, are only the beginning, and I emphasize that. Today we will continue the dialogue begun at the Congressional meeting.

Rod Hills and Paul MacAvoy, as I indicated, will briefly describe our agenda for the meeting this morning. I will be interested in hearing more about the steps you are taking to improve our system of regulation, as well as the problems you face in this effort.

I am particularly hopeful that we will be able to identify those practices which are more deserving of attention and reform.

If this meeting does foster a program of action -- and I think it can -- and a new spirit of cooperation between all of our commissions, the Congress, and the White House, then in my judgment we will be responsive to the public interest.

I thank you for being here and at this point I will call on Rod Hills to get the meeting started, as the moderator.

END (AT 11:18 A.M. EDT)