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Office of the White House Press Secretary  
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THE WHITE HOUSE

TEXT OF REMARKS BY THE PRESIDENT  
TO BE DELIVERED TO THE  
AMERICAN HARDWARE MANUFACTURER'S ASSOCIATION

CHICAGO, ILLINOIS  
MONDAY, AUGUST 25, 1975

It is a special pleasure to be here this morning to pay tribute to the American hardware industry. Yours is an industry that has taken American ingenuity and coupled it with some of the most effective merchandising techniques known to mortal man. In your business, you constantly seek out new ideas, so, too, do we in this country. In fact, no nation or society in history has done more to encourage invention, innovation and initiative. The explosion of American ideas began 200 years ago with our Declaration of Independence. A century ago, a tide of industrial progress started to sweep over America.

Sewing machines revolutionized the clothing industry. Electricity made life brighter and more prosperous. Automobile assembly lines put us on wheels. The telegraph and telephone -- later movies, radio and television -- linked the people of this vast nation together. In our generation, America has split the atom and conquered space. Americans never shirked challenge. Courage, originality, opportunity and optimism are national traits. This has been the spirit of America for the past two centuries -- a spirit of ideas and individuality. It was and is the spirit of private enterprise -- churning ahead in a free, competitive system -- fueled by private savings and investment. We need to recall these basic facts about America, about ourselves as a people, and about our way of life. No nation has invested more than we have in humanity and science. No nation has taken greater risks or experimented as much for progress. As a result, no nation has earned such rich rewards as the United States.

Today, America is again called upon to invest, to risk and to experiment in the name of progress. But we have reached a watershed. A decision must be made. The question, put simply, is this: How do we finance both the investment needed for economic growth and the essential programs needed to solve human problems?

Today, we are faced with the problem of creating new jobs -- in numbers greater than ever before. Although the unemployment rate is far too high -- nevertheless, 85 million Americans are at work, and that is 1.2 million more than just last March. By 1980, we must create another 14 million jobs to meet the needs of our expanding population. This is our objective and it will require very substantial economic progress.

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Always, economic progress depends on our ability as a nation to foster capital investment and increase the productivity of our workers.

The share of our gross national product committed to private sector investment must increase significantly over the next few years if we are to reach our economic potential. Some estimate that total investment requirements could reach as high as four trillion dollars!

However, as our need for capital grows, the ability of industry to generate necessary funds is declining. This is essentially because inflation has seriously eroded corporate balance sheets and because our national tax laws fail to stimulate such investment.

In short, our financial ability to increase production is declining. This decline is curtailing needed growth in jobs and income and undermining our ability to compete internationally.

I am confident that, once this becomes clear to the American people, they will understand America's need for tax policies that will help to channel sufficient resources into the expansion of our productive capacity.

At today's level of economic activity, no shortage of industrial facilities exists. But our nation's economic machine is not running at top speed. In the future, we have every reason to expect it will. But we must not permit bottlenecks and shortages to reappear as the economy gains momentum. We must not condemn citizens to unemployment because the modern tools needed to compete in world markets are lacking.

Capital is vital to all segments of our economy--to expand agricultural production--to develop domestic resources of energy and raw material, reducing our dependence on imports--and to preserve and improve the environment.

This Administration has proposed reforms to the Congress to stimulate what some call "capital formation" through tax incentives. But I prefer to use the term "job creation," because that's what these proposals would do. If adopted, they would provide the funds to expand American industry's capability to create jobs--for one thing, by reducing the "double taxation" of dividends.

As expected, these proposals have raised an outcry from some members of the Congress who oppose them. But the Congress has come up with no alternatives. America cannot put its faith in wishing wells. We must do something about expanding our sources of capital to create jobs--and we must do it now. I ask the Congress to join with me in this commitment to our nation's future -to increased jobs, income and to full recovery.

Let us expand the size of our economic pie--rather than simply redistributing the pieces of a far smaller pie. By itself, however, additional capital cannot revitalize the American economy and our free market system. We must also take steps to help restore the vitality of the marketplace--and effective competition is the way to do it. Too often in the past, our government has stifled that competition in the name of economic regulation to the detriment of the consumer. For that reason, my Administration--with strong support in the Congress--is seeking fundamental reform of economic regulation in the United States.

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The problem is this: In many industries--transportation, energy, communications and in others--Federal regulatory commissions have thwarted competition. These bureaucratic monopolies have tangled business in conflicting policies and red tape too long. They have burdened the consumer with the costs of misdirected regulation.

Although I am greatly encouraged by widespread backing for regulatory reform, I also recognize we still have a long way to go to achieve it. But with continued public support--with the support of you and your industry--we will reverse the trend of the last few decades. We will establish as national policy this basic fact of economic life: That government regulation is not an effective substitute for vigorous competition. Having said this, let me add that some regulations are necessary and appropriate--for instance, involving health, safety and the environment. The reforms we seek would eliminate the impractical, the unnecessary and the obsolete.

As part of this effort to insure that we have a strong economic system, we must maintain an antitrust policy which validates our commitment to competitive markets. If we reduce government regulation of business, we must make certain our antitrust laws are vigorously enforced. Competition, when freed of government regulation and supported by antitrust laws, is the driving force of our economy. It will drive costs down to their minimum and assure prices based on these costs. Yet, such steps cover only part of the problem. It is much more difficult to deal with areas that antitrust laws do not now touch. These are the regulated and legal monopolies and the government-sanctioned cartels.

For instance, various industry rate bureaus and self-regulatory agencies--transportation rate bureaus, shipping conferences, stock exchanges and professional associations--now operate in a congenial cost-plus environment. This is because government once decided they need not or cannot compete.

They are allowed to fix prices and divide markets under the regulatory cloak, free from antitrust enforcement. An essential element of the regulatory reform legislation I have already sent or will send to the Congress will eliminate most of these anti-competitive practices. The remainder of these practices, now immunized from the antitrust laws, are undergoing intensive review.

In short, this Administration will look at the whole range of government-sanctioned monopoly--from the small franchises protected by Federal regulations which rule out competition--all the way to government-endorsed cartels controlling entire industries.

We must recognize this: Over the years, government has done as much to create and perpetuate monopoly as it has to control or eliminate it. As a result, this nation has become accustomed to certain forms of monopoly. Some are regarded as beneficial--some not.

If an industry combines to raise prices, it violates our anti-trust laws. But no laws are violated if an industry can get the Federal government to build trade barriers, to increase support prices for its goods or services or to police against potential competitors or price-cutters. Too often, the government walks with industry along the road to monopoly.

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The end result of such special treatment provides special benefits for small but powerful groups in the economy at the expense of the taxpayer and the consumer. Let me emphasize: This is not--and never will be an Administration of special interests. This is an Administration of the public interest. Therefore, we will not permit the continuation of monopoly privilege which is not in the public interest. It is my job--and your job--to open up the American marketplace to all comers.

Ultimately, these vital reforms will be viewed as they should be: As "pocket-book" issues. Government regulation and restrictions now cost consumers billions of dollars each year. We must become concerned about the cost of monopoly, however it is imposed and for what reasons.

We must be sure that regulatory reform and antitrust actions go hand-in-hand with incentives to spark capital investment to create new jobs and new competition. This is what is needed to revive the American economic dream. Before I close, let me share one thought with you. It concerns a subject that affects the lives and pocketbooks of every American--the runaway growth of the Federal government. One of the goals I have set for myself as President is to cut big government down to size--to make it more manageable, more responsive, more efficient--and less costly. I want to put an end to the mountain of paperwork and the quicksand of regulation which big government makes every American businessman cope with.

Do you have any idea how many different Federal forms Washington sends out and asks you to fill out? Would you believe over 5,000? Five thousand Federal forms to keep Washington at work and businessmen from their work! Believe me, this is not the way this great nation was built. I can remember how my father started a small family paint factory back in--of all years--1929. Everybody pitched in. My speciality was mixing the paint and labelling cans. But my father was always out there selling the merchandise and doing what makes sense for the business--not what made sense for the bureaucrats. The Ford paint and varnish company survived the Depression. I've often wondered if it would have--if my father had to fill out all of today's forms and applications and questionnaires--and cope with the patchwork of rules and regulations which face today's businessmen.

My objective is to get the Federal government as far out of your business, out of your lives, out of your pockets and out of your hair--as I can. To this end, within three weeks after I came into office last August, I directed the heads of all Federal departments and agencies to reduce the personnel for whom they had requested funds for the remainder of the fiscal year by 40,000. Actually, I can report to you today that their performance exceeded my directive: We ended fiscal year 1975 with a reduction or cutback of 52,000 employees under the planned levels of a year ago.

As for those 5,000 government forms, I can tell you this: Several months ago, I directed Jim Lynn, who heads the Office of Management and Budget, to examine, analyze, evaluate--and then throw out as many of these time-wasters as he can. I want to see the American businessman pushing merchandise--not pencils!

You don't need a lot of bureaucrats looking over your shoulder and telling you how to run your life or your business. We are a people who declared our independence 200 years ago and we're not about to lose it now to the paper-shufflers and computers. Let's take the shackles off America's businessmen. That's the only kind of hardware I don't approve of. Thank you very much.

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