

FOR IMMEDIATE RELEASE

AUGUST 25, 1975

OFFICE OF THE WHITE HOUSE PRESS SECRETARY  
(Chicago, Illinois)

---

THE WHITE HOUSE

REMARKS OF THE PRESIDENT  
TO THE  
AMERICAN HARDWARE  
MANUFACTURER'S ASSOCIATION

MCCORMICK PLACE

9:37 A.M. CDT

Cardinal Cody, Mr. Spencer, distinguished guests, ladies and gentlemen:

It is a very special pleasure and privilege for me to be here this morning and to pay tribute to the American hardware industry and to kick off Hardware Week in the City of Chicago.

Yours is an industry that has taken American ingenuity and coupled it with some of the most effective merchandising techniques known to mortal man.

That may seem like some exaggeration, but a hardware store is the only business I know of where you can go to buy a 10 cent carriage bolt and come out with a can of paint, a new, improved screwdriver, 50 pounds of charcoal brickets, a bicycle repair kit, ten minutes of free advice, 12 picture hooks, six fuses and a lawnmower, and then have to go back because you forgot the 10 cent carriage bolt you went to buy there in the first place. (Laughter)

I have been a typical homeowner most of my life, and my wife Betty knows it. She says that sending me to a hardware store is the nearest thing she knows to playing chicken with our life savings. (Laughter)

Nevertheless, on behalf of all of us "do-it-yourselfers," let me thank all of you here for making possible the wonder of wonders -- the neighborhood hardware imporium, more affectionately known as the world's only candy store for grown-ups. (Laughter)

MORE

In your business, you constantly seek out those new ideas that are so important to a great country, and so 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 year 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 closer and closer together.

In our generation, America has split the atom and conquered space. Americans never shirked from 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 rewards as the United States.

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

Today we are faced with a problem of creating new jobs in numbers greater than ever before in America. Although unemployment is far too high, nevertheless we should not forget that 85 millions in this great country are at work and that is about 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 substantial economic progress.

As 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 the private sector investment must increase significantly over the next few years if we are to reach our economic potential. Some, for example, estimate that total investment requirements could reach as high as \$4 trillion.

MORE

However, as our need for capital grows, the abilities of industry to generate necessary funds is declining. This is essentially because inflation has 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 very confident 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 productive capacity.

At today's level of economic activity, no shortage of industrial facilities exist, but our Nation's economic machine is not now running at top speed. In the future, we have every reason to expect it will, but we must now not permit bottlenecks and shortages to reappear as the economy gains momentum.

We must not condemn our fellow citizens to unemployment because the modern tools needed to compete in world markets are lacking.

Capital, as all of you know, 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 oil imports and to preserve and to improve our economy.

This Administration has proposed reforms to the Congress to stimulate through what some call capital formation through tax incentives, but I prefer to use the term "job creation" because that is what the proposals would do as a practical matter.

If adopted, they would provide the funds to expand America's industry capability to create jobs, for one thing, by reducing the double taxation on dividends.

As expected, these proposals have raised an outcry from some Members of Congress who oppose them and, as a person who was in the Congress for a number of years, I understand these voices.

The Congress, in this case, as in others, has come up with no alternatives. We have got to push them to action here, as well as elsewhere. 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 right now.

MORE

I ask the Congress to join with me in this commitment to our Nation's future, to increase jobs, income and full economic recovery.

Let us expand the size of our economic pie rather than simply redistributing the pieces of a much smaller piece of 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 of the Congress in this instance -- is seeking fundamental reform of economic regulation in the United States.

The problem is simply this: In many industries, transportation, energy, communication, as well as others, Federal regulatory commissions have actually, thwarted competition. The bureaucratic monopolies have tackled business and conflicting policies and red tape far, far too long.

The record is clear. They have burdened the consumer with the cost of misdirected regulation.

Although I am greatly encouraged by widespread backing for regulatory reform, I also recognize we still have a long, long way to go to achieve it. With the continued support, which is very evident, with the support of you, as well as 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 American competition in the marketplace.

Having said this, let me add that some -- and let me qualify it by saying some -- regulations are necessary and appropriate; for instance, involving health, safety and the environment.

But the reforms that 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 anti-trust policy which validates our commitment to competitive markets.

MORE

If we reduce Government regulation of business, we must make certain and positive that our anti-trust laws are vigorously enforced.

Competition, when freed of Government regulation and supported by anti-trust laws, is the driving force of our economy. It will drive costs down to their minimum and assure prices based on these legitimate costs.

Yet, such steps cover only a part of the overall problem. It is much more difficult to deal with areas that anti-trust laws do not touch, these other 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 seem to operate in a congenial cost-plus environment.

This is simply 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 anti-trust enforcement.

An essential element of regulatory reform legislation I have already sent or will send to Congress will eliminate most of these anticompetitive practices. The remainder of these practices, now immunized from anti-trust laws, are undergoing intense review in the Executive Branch of the Government.

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 involving entire industries.

We must recognize this: Over the years Government has done as much to create and perpetuate monopoly as it has done 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 the goods or services that it produces, or to police against potential competitors or pricecutters.

MORE

It is sad but true -- too often the Government walks with the industry along the road to monopoly.

The end result of such special treatment provides special benefits for a few, 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 -- and Administration of special interests. This is an Administration of public interest, and always will be just that.

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 the American marketplace to all comers.

Ultimately, the vital reforms will be viewed -- as they should be -- as a pocketbook issue. Government regulation and restrictions now cost consumers billions and billions of dollars each year. We must be concerned about the cost of monopoly however it is imposed and for what reasons.

We must be sure that regulatory reform and anti-trust actions go hand in hand with incentives to spark capital investment to create new jobs and new competition. This is what I firmly believe 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 the pocketbooks of every American -- the runaway growth of the Federal Government itself.

One of the goals I have set for myself as President is to cut big Government down to size -- and we can do it this way -- 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 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 it is over 5,000 -- 5,000 Federal forms to keep Washington at work and businessmen from their work.

Believe me -- and obviously you agree -- this is not the way this great Nation was built over a 200-year span. I can vividly recall how my father started a small family factory back in, of all years, 1929. In those dire economic circumstances, everybody pitched in.

My speciality -- and it didn't require much skill -- was mixing the paint and labeling cans. But, my father was always out there selling the merchandise and doing what makes sense for the business, not what makes sense for the bureaucrats.

MORE

The Ford Paint and Varnish Company survived the depression. And I have wondered if it would have if my father had had to fill out all of today's forms and applications and those thousands and thousands of questionnaires, and at the same time, cope with a 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 pocketbooks and out of your hair as I possibly can.

To this end, within three weeks after I came into the Office of the Presidency last August, I directed the heads of all Federal Government, 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 on June 30 of this year with a reduction or a cutback of 52,000 Federal employees under the planned levels of a year ago.

As far as those 5,000 Government forms, I can tell you this: several months ago I directed Jim Lynn, the Director of the Office of Management and Budget, to examine, to analyze, to evaluate and then throw out as many of these timewasters as he possibly can. And I am going to personally monitor it.

To put it very simply, 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 how to run your business. We are a people who declared our independence 200 years ago, and we are not about to lose it now to paper shufflers and computers.

Let's take the shackles off American businessmen. That is the only kind of hardware I don't approve of.

Thank you very much.

END

(AT 10:02 A.M. CDT)