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NEW HAMPSHIRE LEGISLATURE

FRIDAY, APRIL 18, 1975



IT IS A GREAT HONOR TO APPEAR HERE BEFORE THE
DISTINGUISHED LEGISLATURE OF THE GREAT STATE OF NEW HAMPSHIRE
-- A DELIBERATIVE BODY THAT IS KNOWN FAR AND WIDE AS
ONE OF THE MOST HIGHLY REPRESENTATIVE, ONE OF THE MOST
HIGHLY REGARDED, ONE OF THE MOST HIGHLY EFFECTIVE --
AND ONE OF THE MOST HIGHLY PAID -- IN THE RESPECT AND
ADMIRATION OF ALL ITS CONSTITUENTS..... YOUR SELFLESSNESS
AND DEDICATION IS BOTH TO BE COMMENDED AND APPLAUDED.

IN FACT, I HAD A SHORT TALK WITH ONE OF YOUR
MEMBERS AND SHE WAS TELLING ME THAT YOU RECEIVED JUST
TWO HUNDRED DOLLARS A SESSION. I SAID,
"TWO HUNDRED DOLLARS A SESSION?" SHE SAID,
"THAT'S RIGHT. NOW YOU KNOW WHY OUR STATE MOTTO IS
'LIVE FREE OR DIE'!"

I COME HERE TODAY TO SAY A FEW WORDS ABOUT
THE PAST, TO OFFER SOME THOUGHTS ABOUT THE PRESENT
AND TO TALK ABOUT THE FUTURE.

THE PEOPLE OF NEW HAMPSHIRE ARE RICH IN HISTORICAL
HERITAGE.

IT WAS AT NEARBY NEWCASTLE THAT FOUR HUNDRED OF
YOUR ANCESTORS STORMED THE BRITISH FORT WILLIAM AND MARY
AND CAPTURED ITS MILITARY STORES -- FOUR MONTHS BEFORE THE
BATTLES OF LEXINGTON AND CONCORD. THE CAPTURED AMMUNITION
WAS USED BY NEW HAMPSHIRE MEN WHO FOUGHT AT BUNKER HILL.

IT WAS NEW HAMPSHIRE THAT DRAFTED IN JANUARY,
1776, THE FIRST CONSTITUTION PROCLAIMED IN THE COLONIES,
AND PASSED A DECLARATION OF INDEPENDENCE THREE WEEKS BEFORE
SUCH ACTION BY THE CONTINENTAL CONGRESS.

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IT WAS AT BENNINGTON THAT GENERAL JOHN STARK
LED NEW HAMPSHIRE TROOPS AGAINST THE BRITISH WITH THESE
FAMOUS WORDS:

"THERE ARE YOUR ENEMIES -- THE REDCOATS AND
TORIES; WE MUST BEAT THEM OR TONIGHT MOLLY STARK SLEEPS
A WIDOW."

MOLLY STARK NEVER BECAME A WIDOW. BENNINGTON

WAS AN EARLY COLONIAL VICTORY. BUT JOHN STARK WOULD HAVE

FOUGHT TO THE LAST MAN, THE LAST RIFLE, THE LAST ROUND OF

AMMUNITION -- IF NECESSARY.

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LET US REMEMBER THE LESSON OF GENERAL STARK
AND THE MEN OF NEW HAMPSHIRE WHO FOUGHT FOR US THEN --
AND MAKE SURE THIS NATION'S DEFENSES ARE NEVER PERMITTED
TO DETERIORATE TO THE POINT WHERE AN AMERICAN MUST EVER
BE CALLED UPON TO FIGHT WITHOUT THE BEST WEAPONS AND
WITHOUT AMPLE AMMUNITION -- AND WITHOUT THE FULL
DETERMINATION OF OUR GOVERNMENT AND OUR PEOPLE TO ACHIEVE
FINAL VICTORY ONCE COMMITTED.

I LIKE YOUR NICKNAME, THE "GRANITE STATE."

IT SHOWS THE STRENGTH OF CHARACTER, FIRMNESS OF PRINCIPLE
AND RESTRAINT THAT HAVE LONG CHARACTERIZED NEW HAMPSHIRE.

MUCH OF THE RHETORIC IN AMERICA TODAY TENDS
TOWARD EXAGGERATION, TOWARD OVER-STATEMENT. SUCH
LANGUAGE TENDS TO DIVIDE MORE THAN UNITE. IT EXCITES
MORE THAN ENRICHES. IT PROMISES MORE THAN IT CAN
PRODUCE.

THIS IS NOT THE TIME FOR EXTREMES OR EXCESS
IN LANGUAGE OR IN CONDUCT. IT IS NOT THE MOMENT
FOR EXAGGERATION IN ANY DIRECTION. IT IS A TIME
TO THINK AND ACT WITH REASON AND RESTRAINT.

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YOU AND I SHARE A COMMON INTEREST IN A SUBJECT
WHERE WE MUST AVOID EXTREMES AND EXCESS. THAT IS
THE GENERAL SUBJECT OF HOW WE MANAGE OUR AFFAIRS --
AS REFLECTED IN YOUR STATE BUDGET AND IN THE FEDERAL BUDGET.

AMID THE CLIMBING COSTS OF FEDERAL AND STATE BUDGETS

-- PARTICULARLY IN THE PAST DECADE -- NEW HAMPSHIRE HAS
TRULY BALANCED ITS BUDGET. YOU GRAPPLE WITH YOUR PROBLEMS
WITHOUT A GENERAL INCOME OR SALES TAX. I ADMIRE YOUR
SPIRIT OF SELF-DISCIPLINE AND SELF-RELIANCE. YOU HAVE
GONE ABOUT YOUR BUSINESS QUIETLY -- WITH RESTRAINT --
WITHOUT THE EXAGGERATED RHETORIC WHICH DIVIDES PEOPLE
AND WITHOUT EXCESSIVE PROMISES THAT CREATE SO MUCH FALSE HOPE.

IN FEDERAL PROGRAMS AND FEDERAL SPENDING,
THE OPPOSITE HAS BEEN TRUE. IN THE LAST QUARTER-CENTURY,
FEDERAL PAYMENTS FOR INDIVIDUALS CLIMBED FROM THIRTY-ONE
BILLION DOLLARS TO ABOUT ONE HUNDRED AND SIXTY BILLION DOLLARS
IN CONSTANT DOLLARS. IN OTHER WORDS, FROM LESS
THAN ONE-FOURTH OF THE FEDERAL BUDGET TO NEARLY ONE-HALF.

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AMERICA IS NOW SPENDING -- IF WE INCLUDE
COMPARABLE FIGURES FOR STATE AND LOCAL GOVERNMENTS --
ABOUT TWO HUNDRED AND FIFTY BILLION DOLLARS ANNUALLY
FOR VARIOUS PAYMENTS TO INDIVIDUALS. THAT IS
APPROXIMATELY FIFTEEN PERCENT OF TODAY'S NATIONAL INCOME
COMPARED TO SOME FOUR PERCENT TWENTY-FIVE YEARS AGO.

MOST OF THIS SPENDING IS CENTERED IN A FEW PROGRAMS.

MORE THAN ONE-THIRD OF THE FUNDS ARE SPENT IN SOCIAL SECURITY
PAYMENTS, MEDICARE AND MEDICAID.

MANY BENEFIT PROGRAMS ARE HIGHLY DESIRABLE.

FOR EXAMPLE, A GENERATION AGO AMERICA DEvised ONE OF THE
FINEST SOCIAL SECURITY SYSTEMS IN THE WORLD AND FOLLOWED IT
WITH MEDICARE AND MEDICAID -- AND RECENTLY A SUPPLEMENTAL
INCOME PLAN. THE AMERICAN PEOPLE SUPPORTED THESE
PROGRAMS. AND SO DO I.

WE HAVE DONE MANY THINGS OVER THE PAST GENERATION
FOR THE AGED, THE BLIND AND THE DISABLED -- THOSE WHO
CANNOT HELP THEMSELVES. BUT IT IS ALSO TRUE THAT
THERE HAS BEEN AN ASTONISHING EXPLOSION IN THE NUMBER OF
OTHER FEDERAL PROGRAMS -- AND IN THE NUMBER OF PEOPLE
ADMINISTERING THEM.

SINCE THE EARLY 1960'S, THE NUMBER OF FEDERAL DOMESTIC ASSISTANCE PROGRAMS HAS GROWN FROM ABOUT TWO HUNDRED TO MORE THAN ONE THOUSAND TODAY. AND THERE HAS BEEN A MASSIVE INCREASE IN THE COUNTRY'S BUREAUCRACY -- ON THE FEDERAL, STATE AND LOCAL LEVEL -- FROM ABOUT SIX MILLION EMPLOYEES IN 1950 TO FOURTEEN MILLION TODAY.

IF WE CONTINUE THESE TRENDS AT ANYWHERE NEAR
THEIR PRESENT RATE OF GROWTH -- MORE THAN TWICE THAT
OF THE GROSS NATIONAL PRODUCT -- THE RESULT WILL BE THIS:
IN TWO DECADES, GOVERNMENTS WOULD NEED TO COLLECT IN TAXES
MORE THAN HALF OUR GNP TO MEET YOUR COMMITMENTS.

ALMOST THREE-FOURTHS OF ALL FEDERAL SPENDING
IS CURRENTLY IN A CATEGORY CALLED "UNCONTROLLABLE."

I CATEGORICALLY REJECT THE VIEW THAT FEDERAL SPENDING IS
"UNCONTROLLABLE" AND THAT WE MUST ADD EACH YEAR TO THE
NATIONAL DEBT. FEDERAL SPENDING IS CONTROLLABLE.

THERE ARE TWO LEVERS OF SUCH CONTROL:

THE FIRST IS WITH THE AMERICAN PEOPLE. THEY
CAN SAY "NO" TO THOSE SPREADING THE NOTION THAT IT IS POSSIBLE
TO GET SOMETHING FOR NOTHING. OR THEY CAN SAY "YES"
TO THOSE OF US WHO ARE TRYING TO CURB THE INCREASING BURDEN
OF TAXATION AND WHO WANT TO RESTORE FISCAL RESPONSIBILITY.

THE SECOND LEVER IS THE EXERCISE OF LEADERSHIP
BY THE PRESIDENT AND THE CONGRESS IN THE CONTROL OF FEDERAL
SPENDING. AS PRESIDENT, I HAVE DRAWN THE LINE ON SPENDING.
BUT THE CONGRESS IS THREATENING TO GO FAR BEYOND THE LINE.
FOR EXAMPLE: THE HOUSE OF REPRESENTATIVES PASSED JUST TWO DAYS
AGO ITS FIRST REGULAR APPROPRIATION BILL FOR FISCAL 1976.
IT AMOUNTED TO ONE BILLION DOLLARS MORE THAN MY REQUEST
OF SIX POINT TWO BILLION DOLLARS FOR THE MAJOR FEDERALLY-AIDED
EDUCATION PROGRAMS. APPARENTLY, THE AMERICAN PEOPLE
MUST EDUCATE THE CONGRESS.

THE NATION NOW FACES NEW CONGRESSIONAL

MULTI-BILLION-DOLLAR INITIATIVES. HOW MUCH ARE THE

AMERICAN PEOPLE WILLING TO TAX THEMSELVES TO PAY FOR THESE

NEW PROPOSALS? AND FOR HOW LONG?

IT TOOK THIS NATION MORE THAN ONE HUNDRED AND EIGHTY YEARS TO REACH A FEDERAL BUDGET OF ONE HUNDRED BILLION DOLLARS ANNUALLY. IT TOOK ONLY NINE MORE YEARS FOR THAT BUDGET TO HIT TWO HUNDRED BILLION DOLLARS A YEAR -- AND ONLY FOUR YEARS BEYOND THAT FOR THE ANNUAL TOTAL TO CLIMB TO THREE HUNDRED BILLION DOLLARS.

THE FEDERAL GOVERNMENT EXPECTS TO SPEND ABOUT
THREE HUNDRED AND TWENTY-TWO BILLION DOLLARS THIS FISCAL YEAR.
WITH THE COOPERATION OF THE CONGRESS, I PLAN TO HOLD THE
BUDGET FOR FISCAL 1976 TO APPROXIMATELY THREE HUNDRED AND
FIFTY-SIX BILLION DOLLARS. I AM SERIOUSLY CONCERNED
ABOUT THE BORROWING WE MUST DO TO SUPPORT THESE LEVELS
OF SPENDING.

IN THESE TROUBLED ECONOMIC TIMES, HOWEVER,

I BELIEVE IT IS NECESSARY TO HELP THE UNEMPLOYED AND TO
STIMULATE THE ECONOMY BY A LIMITED TAX REDUCTION.

IN PERSPECTIVE, FEDERAL RECEIPTS FOR FISCAL 1976
WOULD BE MORE THAN FORTY BILLION DOLLARS HIGHER IF THE
ECONOMY WERE OPERATING NORMALLY. THIS ACCOUNTS
FOR THE MOST OF THE DEFICIT IN FISCAL 1976. IF THE ECONOMY
WERE OPERATING AT THE RATE OF ONLY ONE YEAR AGO, THE NATION
WOULD HAVE BALANCED BUDGETS BOTH THIS YEAR AND NEXT.

NEVERTHELESS, SOME BELIEVE THAT THIS COUNTRY
CAN CONTINUE GOVERNMENT SPENDING -- FEDERAL, STATE AND
LOCAL -- ON MOST IF NOT ALL PRESENT PROGRAMS AND AT LEAST
AT THE CURRENT RATE OF OUTLAYS. OTHERS TAKE THE POSITION
THAT AMERICA IS NOT SPENDING ENOUGH TO MEET SOCIAL AND
OTHER NEEDS.

THE HEART OF OUR FINANCIAL DILEMMA TODAY IS THE
ENDLESS STREAM OF PROMISES MADE TO THE AMERICAN PEOPLE --
IN THE LAST GENERATION AND CONTINUING TODAY -- THAT THE
GOVERNMENT CAN AND WILL SATISFY MOST OF THEIR NEEDS --
AND EVEN THEIR WANTS.

THE LANGUAGE IS ONE OF EXTREMES AND EXCESS. IT IS THAT THE
GOVERNMENT WILL MAKE YOUR DREAMS COME TRUE -- ALL YOU HAVE
TO DO IS FILE AN APPLICATION.

THE AMERICAN PEOPLE CANNOT LIVE ON PROMISES.
WE MUST LIVE ON PRODUCTION.

ALL OF THIS RAISES A QUESTION -- A QUESTION
OF UTMOST SIMPLICITY AND YET OF PROFOUND SIGNIFICANCE
TO THE AMERICAN PEOPLE: HOW LONG CAN THE UNITED STATES
AFFORD TO RUN CONTINUOUS BUDGET DEFICITS?

ALL LEVELS OF GOVERNMENT HAVE CONTRIBUTED MUCH
TO PROGRESS DURING THE PAST GENERATION. BUT MANY NEW
PROGRAMS HAVE FAILED -- LEADING NOT ONLY TO WASTE BUT
DISILLUSIONMENT AND DESPAIR. WE HAVE COME TO A TIME --
IN MY JUDGMENT -- WHERE THE AMERICAN PEOPLE WILL AND
MUST TAKE A CLOSER LOOK AT WHERE THEIR MONEY IS GOING.

THE REASON IS SIMPLE. THE BUILT-IN MOMENTUM
OF THE FEDERAL BUDGET AND UNANTICIPATED OTHER DEMANDS
HAVE PRODUCED EXCESSIVE EXPENDITURE GROWTH RATES.
THESE GROWTH RATES ARE NOT ONLY RISING FASTER THAN CURRENT
REVENUES BUT ARE ABSORBING OUR ANTICIPATED FUTURE GROWTH.
THIS IS NO TIME FOR FICTION OR FALSE PROMISES.
THE AMERICAN PEOPLE WANT TO KNOW WHERE THEY STAND.

I BELIEVE IT IS TIME TO REASSESS OUR DOMESTIC
POLICIES. I AM CONVINCED THAT THE PEOPLE OF THE
UNITED STATES DO NOT KNOW WHERE THEIR MONEY IS GOING --
AND JUST AS IMPORTANT, WHY. (HOLD UP CATALOG) --
THIS IS THE 1974 CATALOG OF FEDERAL DOMESTIC ASSISTANCE --
SOME EIGHT HUNDRED PAGES OF PROGRAMS -- MUCH OF IT
IN FINE TYPE. IT WEIGHS ALMOST FOUR POUNDS AND
IS A COMPLEX MAZE OF PROGRAMS.

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LET US LOOK AT THESE PROGRAMS. ARE WE
GETTING OUR MONEY'S WORTH? IF NOT, WHY NOT?

IT IS TIME TO RE-EXAMINE NOT ONLY THE AMERICAN
BUDGET BUT THE AMERICAN CONSCIENCE AND THE BASIC AMERICAN
VIRTUES. WE MUST GET OUR HOUSE IN ORDER. INSTEAD
OF MORE PROMISES, THE AMERICAN PEOPLE MUST ASK WHO
WILL PAY FOR THESE PROMISES.

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THE UNITED STATES IS NOW SPENDING -- AMONG
FEDERAL, STATE AND LOCAL GOVERNMENTS -- HUNDREDS OF
BILLIONS OF DOLLARS FOR SOCIAL PROGRAMS. MANY
ARE UNCOORDINATED AND INEFFECTIVE. THEY MUST BE
REASSESSED.

WE MUST TAKE A CLOSE LOOK AT THESE AND ANY OTHER
PROGRAMS THAT MAY BE QUESTIONABLE.

THE AMERICAN PEOPLE UNDERSTAND THAT THEY PAY
FOR ALL THIS SPENDING EITHER THROUGH THEIR TAXES OR INFLATION
-- OR BOTH.

THIS COUNTRY IS NOT GREAT BECAUSE OF WHAT
THE FEDERAL GOVERNMENT HAS DONE, BUT WHAT AMERICAN
INDIVIDUALS HAVE ACCOMPLISHED.

WE MUST TAKE THE AMERICAN PEOPLE BACK INTO OUR
CONFIDENCE AND TELL THEM THE TRUTH. AND THE TRUTH IS THIS:
THE FEDERAL GOVERNMENT CAN NO LONGER INCREASE SPENDING
AT THE RATE IT HAS IN THE PAST.

I SOUND THIS WARNING TO THE AMERICAN PEOPLE --
HERE IN THIS LEGISLATURE BECAUSE YOU ARE A REMARKABLE
EXAMPLE OF THE EARLY PRINCIPLES AND POLICIES THAT MADE THIS
COUNTRY GREAT. YOU HAVE LIVED AND WORKED WITHIN YOUR
MEANS.

NEW HAMPSHIRE IS MORE THAN A STATE. IT IS A STATE OF MIND.

IT IS THE TRUE NEW FRONTIER OF AMERICA -- BECAUSE IDEAS AND

PRINCIPLES AND VIRTUES HAVE NO BOUNDARIES. YOU HAVE

OFFERED US THE HORIZONS -- OF FREE MEN AND WOMEN --

NOT THOSE BURYING THIS NATION AND OUR PEOPLE IN DEBT.

VOLTAIRE ONCE SAID:

"COMMON SENSE IS NOT SO COMMON."

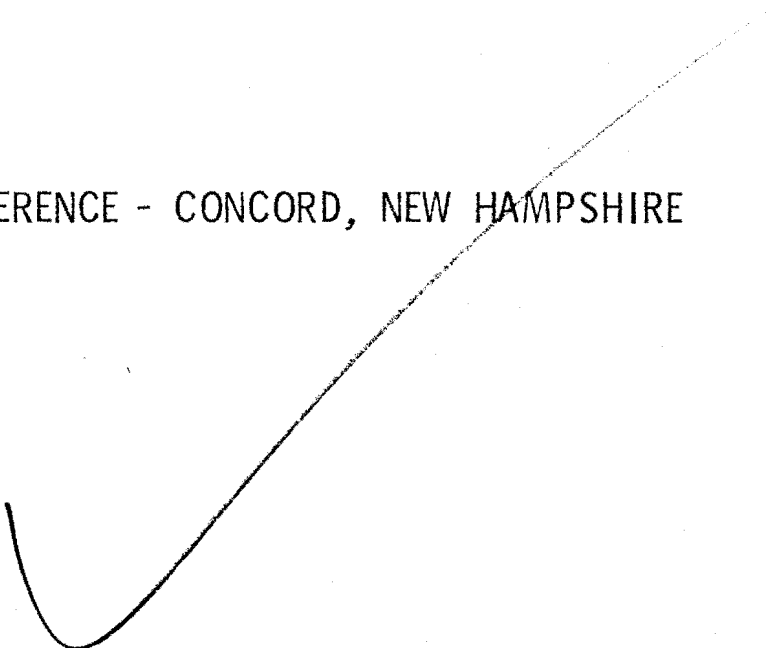
NEITHER ARE GRANITE PRINCIPLES AND GRANITE BELIEFS.

THANK YOU FOR YOUR INVITATION TO MEET WITH YOU

HERE TODAY.

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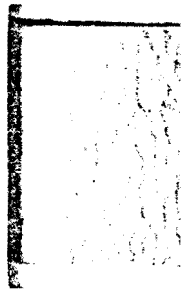
WHITE HOUSE CONFERENCE - CONCORD, NEW HAMPSHIRE



FRIDAY, APRIL 18, 1975



LET ME THANK GOVERNOR MELDRIM THOMSON FOR THAT VERY
FINE INTRODUCTION. AS YOU KNOW, GOVERNOR THOMSON, ALONG
WITH BILL LOEB, IS ONE OF MY STRONGEST SUPPORTERS. I KNOW
THEY'RE BOTH REALLY ON MY SIDE BECAUSE THEY JUST INVITED ME TO
GO SKIING AT NEW HAMPSHIRE'S MOST WELL-KNOWN BEGINNER'S SLOPE
-- TUCKERMAN'S RAVINE!



IT IS A GREAT PLEASURE TO BE HERE IN NEW HAMPSHIRE AGAIN

-- A STATE OF INFINITE RICHES. A STATE THAT HAS MORE THAN ITS
SHARE OF SCENIC BEAUTY. A STATE THAT HAS MORE THAN ITS SHARE
OF YANKEE KNOW-HOW. A STATE THAT HAS MORE THAN ITS SHARE OF
AMERICAN HISTORY. AND A STATE THAT HAS LESS THAN ITS SHARE
OF UNITED STATES SENATORS.

I AM PLEASED TO JOIN THIS WHITE HOUSE CONFERENCE ON DOMESTIC AND ECONOMIC AFFAIRS. I HAVE FOUND MEETINGS OF THIS KIND A TWO-WAY STREET: THEY HELP US IN WASHINGTON KEEP IN TOUCH WITH YOUR VIEWS AND GIVE US THE OPPORTUNITY TO TELL YOU ABOUT OUR PROGRAMS.

THESE SESSIONS, ATTENDED BY A CROSS-SECTION OF AMERICANS, FOCUS ON OUR MAJOR CONCERNS.

EVERY ADMINISTRATION FACES AN AGENDA OF PRESSING ISSUES,

CALLING FOR IMMEDIATE ACTION. IN 1975, THESE ISSUES ARE

AMERICA'S ROLE IN THE WORLD, THE REESTABLISHMENT OF OUR ECONOMIC

HEALTH AND CREATION OF A NEW AND LONG-RANGE POLICY ON ENERGY.

CERTAINLY, THESE PROBLEMS REQUIRE OUR BEST THINKING

AND MOST DECISIVE ACTION. BUT AMERICA HAS OTHER PROBLEMS

THAT ALSO DESERVE ATTENTION.

ONE OF THESE IS THE NEED TO RECONSIDER THE RELATIONSHIP
BETWEEN GOVERNMENT AND BUSINESS. FEDERAL REGULATIONS HAVE
ENTANGLED FAR TOO MANY ASPECTS OF OUR ECONOMIC SYSTEM. THE
AREA OF GOVERNMENT REGULATIONS HAS BEEN NEGLECTED TOO LONG.

WE MUST REASSESS THE ARCHAIC AND RIGID REGULATIONS

WHICH HAMPER THE UNITED STATES ECONOMY AND DIRECTLY AFFECT

THE AMERICAN CONSUMER.

IN FAR TOO MANY CASES, GOVERNMENT REGULATION HAS

BECOME COUNTER-PRODUCTIVE AND REMOTE FROM THE NEEDS AND INTERESTS

OF BUSINESSES AND CONSUMERS ALIKE.

WHAT AFFECTS BUSINESS, ULTIMATELY AFFECTS CONSUMERS.

AND MEANINGFUL REFORM OF OUR PRESENT REGULATORY SYSTEM MUST BE
A PART OF THE CURRENT EFFORT TO RESPOND TO THE CONSUMER.

TODAY, MORE THAN ONE HUNDRED THOUSAND PEOPLE ARE
EMPLOYED BY THE FEDERAL GOVERNMENT ALONE TO WRITE, REVIEW OR
ENFORCE SOME TYPE OF REGULATION. JUST TO LIST ALL OF THE RULES
AND REGULATIONS ESTABLISHED LAST YEAR REQUIRED FORTY-FIVE
THOUSAND PAGES OF VERY SMALL PRINT IN THE FEDERAL REGISTER.

THIS BUREAUCRACY IS EXPENSIVE TO MAINTAIN AND EVEN

MORE COSTLY IN ITS IMPACT. BUT THE ADMINISTRATIVE COSTS ARE

NOT NEARLY AS SIGNIFICANT AS THE PRICETAGS FOR THE INEFFICIENCY TOO

OFTEN PRODUCED BY REGULATION. THE TIME HAS COME FOR SERIOUS

REEVALUATION OF THE REGULATORY SYSTEM.

AND REFORM MUST BE BASED ON LESS DEPENDENCE ON GOVERNMENT AND
MORE RELIANCE ON THE CITIZEN AS PRODUCER AND CONSUMER.

THIS ADMINISTRATION HAS SEVERAL INITIATIVES UNDERWAY
AND MORE ARE PLANNED TO MOVE THE GOVERNMENT TOWARD DEREGULATION.

LAST FALL, WE SENT THE CONGRESS LEGISLATION TO CREATE
A BI-PARTISAN NATIONAL COMMISSION ON REGULATORY REFORM. THE
PROPOSAL SPECIFIED A ONE-YEAR LIFE SPAN AND A MANDATE FOR ACTION
TODAY, THERE HAS BEEN NO CONGRESSIONAL ACTION. BUT THE
OBVIOUS NEED FOR REFORM CONVINCES ME THAT CONGRESS MUST RESPOND.

DURING THE PAST FEW MONTHS, WE HAVE STUDIED THE
PROBLEM OF EXCESSIVE GOVERNMENT REGULATIONS AND HOW THEY STIFLE
PRODUCTIVITY, ELIMINATE COMPETITION, INCREASE CONSUMER COSTS
AND CONTRIBUTE TO INFLATION. AND WE HAVE CONCLUDED THAT THERE
IS ACTION THAT CAN AND MUST BE TAKEN TO ALLEVIATE THESE PROBLEMS.

SHORTLY AFTER I ASSUMED OFFICE, THIS ADMINISTRATION BEGAN
REQUIRING INFLATION IMPACT STATEMENTS TO MEASURE WHAT GOVERNMENT
RULES AND REGULATIONS COST. THESE STATEMENTS WERE THE FIRST
ATTEMPT TO SEE HOW GOVERNMENT ACTIONS CONTRIBUTE TO INFLATION.
WHAT WE ARE FINDING OUT IS NOT JUST THE ADMINISTRATIVE COSTS OF
THESE ACTIONS, BUT ALSO THE COSTS TO CONSUMERS.

THE RESPONSIBILITY OF GOVERNMENT IN CONTRIBUTING TO
INFLATION IS OF GREAT CONCERN TO THIS ADMINISTRATION. THIS
PROMPTED OUR CALL FOR A REDUCTION OF SOME FORTY THOUSAND
FEDERAL EMPLOYEES AND A TEN PERCENT CUTBACK IN WHITE HOUSE
PERSONNEL. BELT-TIGHTENING FOR THIS ADMINISTRATION BEGINS
AT HOME.

THE DOWNTURN IN THE RATE OF INFLATION IS VERY ENCOURAGING.

WHEN I TOOK OFFICE, INFLATION WAS CLIMBING AT AN ANNUAL RATE OF

TWELVE POINT TWO PERCENT. TODAY, THAT RATE HAS SLOWED TO

SEVEN POINT FOUR PERCENT. IT IS STILL TOO HIGH, OF COURSE,

AND WE WILL MAINTAIN OUR EFFORTS TO BRING IT DOWN EVEN FURTHER.

I AM DETERMINED TO VETO LEGISLATION THAT IS TOO
EXPENSIVE IN TERMS OF THE BUDGET DEFICIT AND LEGISLATION THAT
WILL COST BUSINESS AND CONSUMERS TOO MUCH.

REGULATIONS SPRANG UP IN RESPONSE TO CERTAIN
ECONOMIC CONDITIONS AND HAVE BEEN PERPETUATED BY TOO LITTLE
ATTENTION TO THEIR EFFECTIVENESS.

AN OUT-DATED VIEW OF BUSINESS AS THE OPPRESSOR,
WHICH MUST BE CONTROLLED BY THE GOVERNMENT, HAS ALSO
CONTRIBUTED TO THE FAILURE TO TACKLE REFORM.

THE RELATIONSHIP BETWEEN GOVERNMENT AND BUSINESS

IS A RELATIONSHIP BETWEEN GOVERNMENT AND THE CONSUMER,

AND THIS MUST BE THE SPIRIT BEHIND REEVALUATION AND REFORM.

THE PRODUCERS AND THE CUSTOMERS IN OUR SYSTEM ARE NOT
ENEMIES -- BUT PARTNERS. COOPERATION IS NEEDED TO HELP PROMOTE
REFORM OF THE REGULATORY SYSTEM. PRODUCERS, WHO STRIVE
TO ACHIEVE A REPUTATION FOR FAIR DEALING, ARE VERY AWARE THAT
GOODWILL WITH THE PUBLIC IS THE MOST VALUABLE ASSET A COMPANY
CAN HAVE.

BUSINESS AND CONSUMERS MUST UNITE FOR THE COMMON GOOD
TO HELP UNSNARL THE RESTRICTIONS THAT ENCUMBER OUR ECONOMY.

ONE UNFORTUNATE BY-PRODUCT OF REGULATION IS THE
STIFLING OF COMPETITION. REDUCED COMPETITION HURTS THE
CUSTOMER AND ULTIMATELY THE ENTIRE FREE ENTERPRISE SYSTEM.

COMPETITION IS THE KEY TO PRODUCTIVITY AND INNOVATION.
EVEN THOSE BUSINESSES THAT ENJOY A PROTECTED STATUS UNDER
REGULATION ARE ADVERSELY AFFECTED.

ALTHOUGH IT IS DIFFICULT TO COME UP WITH AN EXACT PRICE TAG ON THE COST
OF UNNECESSARY AND INEFFECTIVE GOVERNMENT REGULATION, SOME ESTIMATES
PLACE THE COMBINED COST TO CONSUMERS OF GOVERNMENT REGULATION AND
RESTRICTIVE PRACTICES IN THE PRIVATE SECTOR AT MORE THAN THE FEDERAL
GOVERNMENT COLLECTS IN PERSONAL INCOME TAXES EACH YEAR -- OR SOMETHING
IN THE ORDER OF TWO THOUSAND DOLLARS PER FAMILY. EVEN IF THE REAL
COSTS ARE ONLY A FRACTION OF THIS AMOUNT -- THIS IS AN INTOLERABLE
BURDEN ON OUR POCKETBOOKS.

TRANSPORATION IS AN EXAMPLE OF AN INDUSTRY WHERE
CONSUMERS ARE AT THE MERCY OF OUTDATED REGULATION.

AS A RESULT, THE INDUSTRY HAS BEEN HAMPERED AND HARMED.

THE INTERSTATE COMMERCE COMMISSION, CREATED IN 1887
TO PROTECT THE PUBLIC FROM THE MONOPOLY OF THE RAILROADS,
PRODUCED MASSIVE CONSTRICTION OF RAIL TRANSPORTATION.

THE DEFECTS OF AIRLINE REGULATIONS BY THE CIVIL

AERONAUTICS BOARD CAN BE SEEN IN CALIFORNIA AND TEXAS

WHERE C-A-B REGULATED CARRIERS COMPETE WITH INTRA-STATE

CARRIERS, WHICH ARE NOT REGULATED BY THE C-A-B.

FARES OF THE NON-REGULATED INTRA-STATE CARRIERS ARE AS MUCH AS

FORTY PERCENT LOWER THAN THOSE CONTROLLED BY THE C-A-B.

TO DEAL WITH INEFFICIENT AND INEQUITABLE REGULATION
IN THE TRANSPORTATION INDUSTRY, I WILL SEND TO THE CONGRESS
A COMPREHENSIVE PROGRAM OF REGULATORY REFORM WHICH WILL PROMOTE
COMPETITION BY ALLOWING GREATER PRICE FLEXIBILITY, GREATER
FREEDOM OF ENTRY, AND BY REDUCING THE POWER OF GOVERNMENT
AGENCIES TO GRANT ANTITRUST IMMUNITY.

TO DEAL WITH INEFFICIENT AND INEQUITABLE REGULATION
IN THE TRANSPORTATION INDUSTRY, I WILL SEND TO THE CONGRESS
A COMPREHENSIVE PROGRAM OF REGULATORY REFORM WHICH WILL PROMOTE
COMPETITION BY ALLOWING GREATER PRICE FLEXIBILITY, GREATER
FREEDOM OF ENTRY, AND BY REDUCING THE POWER OF GOVERNMENT
AGENCIES TO GRANT ANTITRUST IMMUNITY.

THESE PROPOSALS ARE DESIGNED TO ALLOW RAILROADS,
AIRLINES AND TRUCKING FIRMS TO LOWER THEIR RATES.

INCREASED COMPETITION WILL ALSO RESULT IN MORE EFFICIENT USE
OF ENERGY AND SAVINGS TO THE CONSUMER.

STIMULATION OF COMPETITION IS THE GOAL OF ANOTHER
LEGISLATIVE ITEM, THE FINANCIAL INSTITUTIONS ACT, WHICH I HAVE
ALREADY SENT TO THE CONGRESS. IT PROPOSES THE REMOVAL
OF OUTDATED CONSTRAINTS ON SERVICES AND RATES WHICH BANKS
AND SAVINGS INSTITUTIONS OFFER TO CONSUMERS.

AS MOST OF YOU KNOW, PRESENT REGULATIONS MAKE IT
EASIER TO OBTAIN HIGHER INTEREST RATES FOR THE LARGE DEPOSITOR
THAN THE SMALL DEPOSITOR. BANKS SHOULD BE ALLOWED
TO COMPETE FOR THE SMALL INVESTOR'S DOLLAR -- AND THIS
LEGISLATION WOULD FACILITATE THAT.

IF APPROVED BY THE CONGRESS, THIS ACT WOULD
OPEN UP NEW SOURCES OF DEPOSITS AND INCREASE THE LENDING POWER
OF FINANCIAL INSTITUTIONS. THE INCREASED FINANCIAL FLEXIBILITY
WILL OBVIOUSLY PROVIDE AN ECONOMIC BOOST AND GIVE THE AVERAGE
CONSUMER A BETTER OPPORTUNITY TO EARN A GOOD INTEREST
FROM SAVINGS.

MARKETPLACE COMPETITION WOULD BE IMPROVED

BY INCREASING CONSUMER INFORMATION. THE BETTER INFORMED

THE PURCHASER, THE MORE COMPETITIVE PRODUCERS MUST BECOME.

ALL OF THE INITIATIVES TOWARD DEREGULATION SHOULD BE
ACCOMPANIED BY ENFORCEMENT OF ANTITRUST LAWS. VIGOROUS
ANTITRUST ACTION MUST BE PART OF THE EFFORT TO PROMOTE
COMPETITION.

A NUMBER OF INDUSTRIES WERE MADE EXEMPT FROM THESE
CONTROLS; OTHERS WERE NOT. LIKE MANY GOVERNMENT
INTERVENTIONS IN THE MARKET SYSTEM, THE EXEMPTIONS WERE ENACTED
IN RESPONSE TO VARIOUS ECONOMIC DIFFICULTIES, REAL OR
IMAGINED, WITH LITTLE OR NO THOUGHT ON THE LONG-RUN EFFECT.
THE TIME HAS COME TO RECONSIDER THESE EXEMPTIONS AND TO
DISCONTINUE THOSE NOT JUSTIFIED.

RE-EVALUATION OF ANOTHER COUNTERPRODUCTIVE PATTERN,

SO-CALLED "FAIR TRADE" LAWS IS UNDERWAY IN STATE LEGISLATURES.

AND NEW HAMPSHIRE IS ONE OF THE STATES WHERE THESE OUTDATED

LAWS HAVE BEEN REPEALED.

THESE STATE LAWS ARE SANCTIONED BY FEDERAL STATUTES,
AND THEY PERMIT MANUFACTURERS TO DICTATE THE PRICES AT WHICH
RETAILERS MUST SELL THEIR GOODS.

THOSE OF YOU WHO LIVE IN MAINE AND MASSACHUSETTS
UNDERSTAND WELL WHAT THESE LAWS COST YOU AS CONSUMERS.
ALTOGETHER, "FAIR TRADE" LAWS COST AMERICANS AN ESTIMATED
TWO BILLION DOLLARS IN HIGHER PRICES EACH YEAR.

THE STATE LEGISLATIVE REPEALS ARE ENCOURAGING.

BUT THE CONGRESS SHOULD ACT TO REMOVE THE FEDERAL LAWS THAT

ALLOW STATES TO HONOR THESE PRACTICES. SENATOR EDWARD BROOKE

OF MASSACHUSETTS HAS PROPOSED SUCH LEGISLATION, WHICH SHOULD

BE PASSED.

IN THE COMING WEEKS, THE ADMINISTRATION WILL PROPOSE
LEGISLATION TO PERMIT LEGITIMATE DISCOUNT PRICING.

TO THE MAXIMUM EXTENT OF LAW, MANUFACTURERS SHOULD BE ALLOWED
TO PASS ON TO RETAILERS THE COST BENEFITS OF PRODUCING AND
SHIPPING LARGE ORDERS FOR CHAIN STORES AND OTHER VOLUME BUYERS.
LIKE "FAIR TRADE" LAWS, RESTRICTIONS ON DISCOUNTS ACT TO KEEP
CONSUMER PRICES HIGHER THAN NECESSARY.

THESE ARE ONLY SOME OF THE AREAS WHERE THE
ADMINISTRATION HAS FOCUSED ON POTENTIAL ACTION TO PROMOTE MORE
COMPETITION IN THE MARKETPLACE, WHICH BENEFITS BUSINESS AND
CONSUMERS. OTHER ACTIONS WILL BE TAKEN AND MORE LEGISLATION
PROPOSED.

I URGE REFORM OF STATE AND LOCAL REGULATIONS.

THE NEED TO CLEAR THE COBWEBS FROM OUR GOVERNMENT REGULATIONS

APPLIES TO ALL FORMS OF GOVERNMENT CONTROLS.

REFORMS OF OUR PRESENT REGULATORY STRUCTURE DEPEND
UPON A REVISION IN OUR ATTITUDES. NEW PERCEPTIONS ARE
ALREADY HERE, MANY OF THEM TRIGGERED BY CONSUMER ADVOCATES.
SOME ARISE FROM OUR CURRENT ECONOMIC PROBLEMS.

IN UNRAVELING NEARLY A CENTURY OF REGULATIONS,
WE MUST ENSURE THAT THE PUBLIC INTEREST PREVAILS.

NOTHING RESISTS CHANGE MORE STUBBORNLY THAN A
COMFORTABLY ENTRENCHED BUREAUCRACY, INTENT UPON
SELF-PRESERVATION.

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BUT THE HISTORY OF THIS NATION, INDEED ITS FOUNDING
WHICH WE ARE ABOUT TO CELEBRATE, IS A CONTINUING CHRONICLE
OF CHANGE.

AMERICA HAS THE UNIQUE ABILITY TO REFORM ITSELF.

IT IS OUR GREAT STRENGTH. THE NEED TO REFORM THE RELATIONSHIP
BETWEEN GOVERNMENT AND BUSINESS IS NOT AS DRAMATIC AS SOME OF
THE REFORMS WE HAVE MADE IN THE PAST. BUT IT IS VITAL TO OUR
ECONOMIC RECOVERY AND STABILITY.

CHANGE IS THE LIFEblood OF DEMOCRACY, AND THE
WILLINGNESS OF AMERICA TO CONFRONT CHANGE INSURES THE CONTINUITY
OF OUR INSTITUTIONS.

I AM CONFIDENT THAT AMERICA WILL RESPOND TO THE
CHALLENGE FOR GROWTH.

END OF TEXT