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REMARKS OF THE VICE PRESIDENT
AT THE
NATIONAL CONFERENCE ON REGULATORY REFORM
GRAND BALLROOM, L'ENFANT PLAZA HOTEL
WASHINGTON, D. C.

AT 9:35 P.M. EST

THE VICE PRESIDENT: I am no longer governor, so you don't have to get up.

(Laughter)

Thank you very much, Mr. Naishitt, Ms. Shannon, Mr. Smith and ladies and gentlemen. I am honored and delighted to be here. I want to apologize for having held you up, but there was a group of eager members of the media who were interested in last night's developments. So we had a little discussion on the subject.

These are exciting days, depending on where you stand. But this is the thrill of living in a free country, and we are very fortunate. All I can say is let's keep it that way.

Now, I would like to say how delighted I am to welcome you to the National Conference on Regulatory Reform. This subject is dealing with the crucial growth and strength of our economy and, thus, the Nation itself.

Regulatory reform is an area of special concern and interest to me. I think that any of us who have a belief in our system and this Nation cannot help but have a deep concern.

I would like to say that, while we are discussing here largely the business aspect, productivity in business, as one who served for a number of years in local government, -- that is, the State of New York -- regulatory reform is equally important relating to State and local government.

While it is not in my text and not in your concern, there are 1,007 categorical grants that the Federal Government gives to State and local government, local agencies, each one of which has Congressional legislative restrictions and then Administrative restrictions, and they are constantly changed, and each one of which says that the State must enrich and improve its program in order to get the funds from the Federal Government. So if you feel you are set upon in business, just remember that governors and mayors and county executives and local legislators also are suffering the same fate.

I was talking to a head of a Latin American state and I said, "We are increasingly beginning to feel we represent foreign governments at the State level in the United States." So we sympathize with you and your problem.

That is not part of my discussion this morning, but this is such a sympathetic audience, I couldn't help mentioning a subject that is close to my heart.

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As many of you may know, I have the pleasure of serving as Chairman of the National Center for Productivity and the Quality of Working Life, which is the new name the Congress has given it. They have given it a new life, a new name, but as yet have not appropriated any money, which is sort of standard procedure these days. But you know how life is.

(Laughter)

Excuse my side comments.

(Laughter)

In carrying out its legislative mandate to help increase this Nation's productivity, the Center has chosen regulatory reform as an area for major concentration of its efforts.

Industry by industry, the Center is organizing task forces made up of management, labor, government regulators and economic and other experts involved in a particular industry. These task forces will attempt to identify the objectives for the area.

I happen to feel very strongly myself that this is an important factor, that so many of our regulatory agencies have been in existence for 100 years or more without reviewing the objectives for which they were created, sort of a natural evolution of growth without taking a fresh look.

If you take the aviation industry, for instance, one could ask, should our objective be to have an Air Canada in the United States or do we want to preserve private enterprise in the field? If so, what does it take to do it? Then you start from there and then you start to work backwards.

So if we are going to review regulatory activities, we have got to know what is the objective of the regulation, what is our national interest, and how do we achieve it. And then you work back from that and come to the second -- that is, identify the industry's major problems stemming from regulation; third, document the impact of regulation on the industry; and fourth, make recommendations for regulatory reform to improve productivity in that industry with an eye to maximizing national objectives in the area.

Now, this seems so simple that one wonders why one hasn't approached it on this basis before. But let's face it, if you have got an ongoing program of regulation in one area or another or an ongoing program in most any area, those involved don't automatically by themselves tend to step away and take a fresh look at what they are trying to do and where they are and then reexamine what they are doing in the light of that.

I think we have got the momentum to do it, and I think the American people, whether it is in government or whether it is in business, private enterprise, or whether it is even -- it is very interesting. I held hearings for the President around the country last fall and winter

in connection with his domestic programs and policies through the Domestic Council. We found that universally people were worried about the complexities of bureaucratic red tape in Washington. And that went for governors, heads of corporations, heads of labor unions right to welfare recipients, who were equally indignant about the indignities they suffered and the uncertainties,

So I think this is something that has the total attention of the American people, and they are looking to all of us to see how do we deal with this problem intelligently in the best national interests and do it efficiently. This country is known for efficiency, and I don't see why we shouldn't apply it in this area.

I am optimistic that this is the psychological moment to approach this. And I think the Productivity Center is one of the vehicles which can be very helpful and useful in this.

Now, because these task forces will be made up of the people directly dealing with government regulation, the people on the regulatory front line in a particular industry, I have great confidence in the realism and the relevance of the recommendations they are going to make.

I might say parenthetically that I had the privilege of being Chairman of a commission created by the Congress to review the 1972 Water Quality Regulations, which had five Senators, five Congressmen and five citizens on the commission. We worked for three years, spent \$15 million of your taxpayers' money and found some very interesting things about the impact of the 1977 standards, the 1983 standards and the 1985 goal of no pollutants in navigable waters by that period.

This same could have applied to air quality standards. I don't have to mention that when the air quality standards on smokestack emission were applied to the foundries of the Nation, that 50 percent of the foundries went into bankruptcy. We found in the electroplating industry, if they applied the 1977 standards and the 1983 standards that are now on the books, 35,000 or the 70,000 American companies in the electroplating business would go into bankruptcy, because they can't afford to fulfill their obligations as set out by the Administration.

So we are dealing in very real terms with the heart of American life. Many Americans, including many in government -- particularly in Congress -- don't realize the implications of the laws they have passed, administrative procedures and particularly the constant change in administrative procedures.

I remember one governor, Governor Dan Evans of Washington, told a story when he was testifying before our committee, that they had prepared a program -- outstanding governor, too. I won't say what party.

(Laughter)

He had prepared a program asking for a \$7 million appropriation under some Federal grant in aid program.

They worked for months and prepared all the details, sent it to Washington and thought they had covered every angle. They got word, "Sorry; we changed the regulations since you prepared your program, so you will have to redo it." That's one side of the coin.

He told another side of the story and told how they worked out a way to save \$1 million. They sent that in for approval and they said, "Sorry; there is no provision in the regulations that call for savings."

(Laughter)

So we really in our zeal to accomplish objectives have got ourselves a little bit tied up, if we can put it that way. We have lost a little bit of our flexibility which has been our strength and creativity and freedom of America.

Today I would like to approach this whole issue of regulatory reform in terms of an historical perspective -- in terms of the forces which have shaped America's growth. This is a good year, our 200th birthday. Two hundred years ago brave men signed a landmark manifesto not only for civil liberty but also for economic freedom. I think this is too often overlooked.

Important as it is to commemorate the Declaration of Independence as a landmark for civil rights, it is equally important to recognize it as a charter for economic freedom and opportunity.

The Founding Fathers recognized that individual liberty required economic freedom, that these two were wholly interrelated, and that one could not exist truly without the other. They knew that human dignity is destroyed not alone by suppression of civil rights but also by economic bondage. Our forefathers struggled against a system which sought to regulate their industry and commerce to a design set in London for the benefit of the British -- no disrespect to the British.

(Laughter)

They fought efforts to subject the vast American domain and its people to plans that subordinated America's growth and American aspirations to the service of an oligarchy in a far-off land, England.

The American Declaration of Independence, and the American Constitution that followed 13 years later, were not only historic milestones of a political revolution. They signified a major economic revolution as well, one that challenged government domination of trade, that broke the bonds of British mercantilism, that wiped out the remnants of feudal land laws imposed upon this country, and set loose the forces that ended indentured labor services and ultimately ended human slavery.

Two hundred years of human liberty and economic freedom produced an American enterprise and social system that has given ordinary individuals the widest possible

opportunity under which their drive and productivity have achieved the highest standard of living in history. In these accomplishments, the United States developed a pragmatic balance between personal freedom and the common good.

A realistic examination of the history of the American enterprise system reveals that it was by no means a totally private enterprise endeavor. Government has always played not only a significant but a crucial part in American economic life. The role involved not alone the negatives of restraints but the positives of promotion as well.

This system achieved a productive balance between autonomy in enterprise and governmental direction and restraints in economic activity. These relationships between government and the public have been dynamic, not static, a continuing evolution politically and economically.

And if you just want to think for a second, take the automobile industry, which is one of the greatest industries in this country, based on roads built by government, billions of dollars. One of the other great industries in this nation, the aviation industry, is based on research and military plane development and construction. The farmers of America have all been related to government policies, starting with the land grants, the railroads, land grants of property. You go through the whole history of our country and there is a very interesting and exciting balance between the government and the private sector. And government has never hesitated to do those things which would stimulate national objectives and stimulate individuals and private enterprise in achieving those objectives.

Now, how does that balance stand today? Are the basic concepts set forth by the Declaration of Independence as sound today as they were 200 years ago? The Federal Government has played an extraordinarily constructive and essential role throughout our economic history. The tremendous dedication of loyal civil servants has made government work. And the need for Federal leadership and creative initiatives continues.

Nevertheless, there are growing and legitimate claims that a dominant central government in Washington is already placing impediments and nonproductive restraints upon individual activity, voluntary association and economic enterprise. And, of course, the one that concerns me most is the willingness to take risks, the willingness to be creative. And that requires a framework of laws within which the freedom -- certainly, if you are going to invest \$100 or \$100,000 and you are not sure if the rules of the game are going to be changed while you are making the investment, you are just not going to make the investment. What I worry about is this is going to have a serious effect on the creative dynamic drive of our whole American enterprise system.

There are those who see a danger that this central government and its bureaucracy -- remote from the great productive regions of industry and commerce, remote from the farms, factories, mines and markets, remote from communities and their governments -- is enacting laws and laying down

edicts that unnecessarily stifle growth and bear little relevance to the actual scene.

There are those who warn that designs set in Washington are stifling individual and corporate initiative, thereby constraining growth, productivity, and the necessary increase in job opportunities. And so we must ask ourselves: Is there a threat to human liberties today because economic freedoms are being restricted, initiative discouraged and individual creativity thwarted?

Here in our own land, we run the risk of falling into the trap of thinking that human liberties and economic freedoms can exist one without the other. They never have and they never will. Throughout the world the thrust for individual liberty has been challenged and blunted by doctrinaire assertions that economic security must be the prime object of society. It is held by some that only centrally-adopted and centrally-directed planning and programming, and implementation by an all-powerful government, can achieve economic security.

The risk here in America is not so much that we will take up the worship of the false gods of totalitarian ideologies. It is more that we may drift into Statism by government's progressively legislating such overwhelming and detailed responsibilities for the ordering of society that liberty will be surrendered in the process.

It was clear in the hearings on domestic policy that I held on behalf of President Ford around the country that there is a growing concern on the part of people in all walks of life -- that due to a great deal of well-intentioned but hastily-enacted legislation, enormous authority has already been delegated to a proliferating governmental bureaucracy under myriads of statutes, administrative rules and regulations, resulting in a maze of red tape.

To comply with this ever-changing complex of laws, rules, regulations and orders has already become an ever-growing burden. It perplexes and inhibits individuals. It stymies small business. It stifles initiative and compounds the costs of large and small enterprises alike. Even determining the proper legal mode of conduct is becoming so complex as to be unintelligible.

More and more the citizen or his lawyer or both must go to the bureaucracy for the answers, and hope that the answers are not contradictory when more than one agency or one level of government is involved. We run the danger of reaching that stage at which too many other nations have already arrived, where one must go to the offices of the particular ministries to find out what the laws are and how they are being interpreted, and to do this periodically to be sure that the interpretations are still the same.

The genius of the American system lay in the fact that government established a broad framework of policy and law within which individuals, groups and enterprises could operate with great flexibility. And that also is true for local government. It is time to reemphasize this essential concept -- to foster a climate within which enterprise, individual and voluntary group endeavors are stimulated

for the productive benefit of all Americans. This does not mean a retreat into the past, a scrapping of social progress, nor abandonment of goals of equity, fairness and progress. It means the development of a framework of law and enlightened regulation geared to today's needs and tomorrow's challenges, that will call into play the energies of the American enterprise system, the dynamism of our industry, the creativity of our labor, the ingenuity of our science and technology. It means that government regulations should not only achieve national social goals but should also promote productivity and increasing job opportunities rather than hinder them.

Toward that end, I specifically recommend that the executive and legislative branches of government, together with labor and management, science and technology, should in each area of regulation:

(a) Establish clear national objectives and criteria for regulations to achieve them;

(b) Determine the effects of regulation, both intended and unintended;

This is one of the most serious aspects, that we moved so fast in so many areas that we are not clear about the potential unintended side effects of these regulations designed to create certain specific social objectives.

(c) Change, where necessary, existing laws, rules and procedures to assure that they are promoting, not hindering, the attainment of our overall national objectives.

In the future, any proposed new laws or regulations should be made in light of our broad objectives, instead of the piecemeal, ever-changing process of the past which has hindered productivity and progress.

Twelve days ago the President sent legislation to the Congress that would make a major contribution towards achieving these ends. This legislation called "The Agenda for Government Reform Act" requires the President and the Congress to jointly consider and act on reform proposals in each of the next four years. The President would analyze the total effects of government regulation on major sectors of the economy, and the Congress would commit to act upon these proposals.

By setting forth an agenda for action, we will encourage individual Americans in all walks of life -- businessmen, workers, consumers, teachers -- to work in concert with their government to build a more rational regulatory environment. The question is not and should not be whether government should play an economic role. The question is how government should be creatively involved in protecting and promoting the freedom, well-being and opportunity of American citizens as individuals as well as protecting our environment and assuring our national security.

In the Declaration of Independence the Founding Fathers proclaimed the revolutionary truth that human liberty and economic freedoms are inseparable. They saw that

expanding economic opportunity in a boundless America would not only provide better living but would be a principal guarantee of human freedom. They saw an America that would not mandate the life style of its people but encourage them to develop their own. They saw an America that looked to dynamic economic growth for the future well-being of all.

And I say, at this Bicentennial let us rediscover this America. At this conference you can make an important contribution toward that rediscovery.

I thank you very much for letting me be with you.

QUESTION: Mr. Vice President, we have heard a great deal of talk here concerning the difference between economic and social regulation. If you could address yourself to perhaps the issue of, say, the Environmental Protection Agency, is it possible to meet the goals established by the EPA, the social goals of a clean and protected environment, while at the same time not stifling the economic ability of business and industry to grow and provide jobs?

THE VICE PRESIDENT: I think the answer is yes, if we are realistic and if we are willing to be a little flexible.

Just take one case. Everybody said Lake Erie was dying and that there was no chance of its ever coming back to life again. Don't ask me to explain what it means for a lake to die, but never mind. Well, what has happened is that by the control of sewage disposal in the lake from New York and Ohio and surrounding areas, the lake is coming back to life at a very much more rapid rate than anybody had anticipated.

One of the things -- and it is somewhat controversial, naturally -- the 1977 standards which applied -- it is the best practical elimination of pollution, that it may well be that that will go a long way to achieving the 1983 standards. As all you businessmen know, as you eliminate anything -- all these curves are the same -- the bulk of elimination is relatively inexpensive. Then as you get down to the last 20 percent, last 10 percent, the curve goes up, and the last 10 percent may cost you more than the first 90 percent to eliminate.

So we may be in a position where we can achieve social goals and not put this inordinate burden on the productivity of our country.

Now, there is a fascinating thing; I happen to live in New York, and Con Ed has built two atomic power plants and they are now in the process of trying to be able to build a third. This water goes into the Hudson River from their cooling operation. It does heat the water, and this is a very controversial issue about the fish.

So they have come up with a plan to avoid putting hot water into the Hudson because some fish, when they first put it in, are killed. Although, I have to say to you, one of the best fishing spots is where the hot water comes in from the atomic power plants. We changed one on

the lake on Lake Erie and all the fish died after we took the hot water out.

(Laughter)

So this is one of the exciting things, three sides to every coin. But they have come up with a plan to meet this problem of not putting the hot water into the Hudson. They have got a cooling tower that is 1,000 feet tall, that is 600 feet across the base, that is about 60 stories and 300 feet across the top. It puts steam up another 1,500 feet, so that is 2,500 feet sticking up in the air.

When I was governor, we set up a commission to protect the beauty of the Hudson River Valley. Well, this has got to be the most unbeautiful and monstrosity that ever happened. Now you have got a question of aesthetic pollution, but you have got another problem.

We have a variable climate in New York, and in the fall and spring you get that point where it is just at the freezing point. Now, you put tons of water up in the air in the form of vapor in a period when it is freezing -- some of you have been in ice storms -- and that comes down on the highways and freezes. We may have the most serious highway problem of accidents because of skidding on the highway. So these are the very questions you are asking about.

Now, this thing gets back to how flexible can we be in this society? And I don't blame the ecologists, and I have a tremendous admiration for them. They have made a tremendous contribution to our country, and they have had a tough battle to fight and they have won tremendous victories. But we have gotten to a point where people have got to have a little flexibility.

Their rigidity was what made it possible for them to make the gains. But if they maintain the rigidity, I think we are going to find we are going to pay a very serious price in this country and not serve the long-term best interests.

With science and technology there is no problem relating to pollution we cannot solve. We may not be able to do it yesterday or today, but it will be easier to do it tomorrow when the scientists have had a little more time. We can balance these things out. I have total confidence we can do both. And the research ought to be done together, not separately, so you don't get these clashes which result in the blocking of any progress.

QUESTION: Mr. Rockefeller, what is your opinion of Senator Muskie's so-called Sunset proposal, which would require regular review of the functions of regulatory agencies? Do you support such legislation?

THE VICE PRESIDENT: Well, I support regular review of regulatory agencies. I hope the Sunset isn't for New England.

(Laughter)

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I hadn't heard about that, and I don't know what the Sunset means. But I am for regular review of regulatory agencies.

He and I served on this commission together, and I am a great admirer of his. He and I are both Mainiacs. That means we were both born in Maine.

(Laughter)

I like the idea of regular review of regulatory agencies, but I don't understand the Sunset business.

QUESTION: I asked a question of Dr. Friedman and Mr. Nader last night on which there was an evasive answer given.

THE VICE PRESIDENT: I wouldn't have thought Mr. Nader was evasive.

QUESTION: He didn't get a chance to answer. He was monopolized by Dr. Friedman. I got a chance to read a little more on the theme of the question in last night's paper. I will read you the two paragraphs.

"Agencies find themselves pulled from one crisis to another with little time to look ahead or behind. Traditional lack of emphasis on long-term chronic dangers. Regulatory emphasis has generally been on the obvious short-term problems rather than the more invisible ones such as cancer."

This gets back to my question of last night. In anticipatory management how would you instill that, sir?

I am very, very sympathetic to what you are saying. I am a great believer in long-range planning. You can't do anything in less than five years, probably ten years. So you have got to plan.

The public likes to have things done, as I said, yesterday or today, which is impossible, and we waste a lot of money when we try to do them.

Now, John Glenn, who was an astronaut, when he was a Senator -- and he is a great believer of this -- through the Government Operations in the Senate, called a hearing on long-range planning in government, which is what you are talking about. He asked Senator Humphrey and myself to be the first witnesses, both of us being very much interested in this subject. There were a distinguished group of Senators there and a large group of public.

I went and Senator Humphrey was there for the pictures and then he got called off.

(Laughter)

So I am testifying and one Senator after another had to slip off to a committee meeting and so forth. Now we are down to John Glenn and myself and the public. Everything was going well and then one of his aides came over

and whispered in his ear. He said, "Please forgive me. There is a roll call."

So I stood up and turned around and I spoke to the audience, a very sympathetic audience. I said, "Now you understand why there is no longer any long-term planning in government. Nobody has time to sit still long enough to think." I don't mean to say "think," but "to plan."

They think while they are on the run. And this is really the problem. Everybody is running from one crisis, one roll call, one committee meeting to another. And this is really very serious. This is why the Commission on Critical Choices for Americans -- because I deeply believe the only way we can intelligently reflect on our best long-term interests is to get views from people in all walks of life, thrashed these things out. And there is nothing we can't do in this country if we set our minds to it.

I am totally in agreement with you, and that when you are talking about something ten years from now, there isn't the same danger of confrontation that you have when you are talking about something today where everybody is upset. But ten years from now we have got time to work it out, reconcile differences, find new solutions and do it on a sound basis. So I am delighted with your question and totally in agreement with you.

I will take one more over here.

QUESTION: Mr. Vice President, I believe that periodic review of agency purposes is desirable. As a practical matter, how much do you think it can accomplish in the vested interest in the agencies?

THE VICE PRESIDENT: Don't limit it to the vested interest in the people of the agencies. There are vested interests on the Hill, in staffs, in members of the Congress who sponsor programs very popular at home, and there are vested interests in every group.

Therefore, the only way this can be done, in my opinion, is to bring in all of the interested parties -- business, labor, executive branch, legislative branch -- to sit down to say, "Where do we want to be in this industry? What are our objectives?"

Now, we have grown up under what many people feel is a free market system and that the government hasn't had anything to do with it. Well, of course, they are really wrong, because government does have a lot to do with these things. But we don't think of it that way.

Therefore, the first thing we have got to do is recognize government has a legitimate role and that that role should be creative and stimulative in terms of incentives and penalties as well as regulatory in terms of protecting people's interests and this balance we have found.

Now, I think it is time we did this more consciously, because life has gotten much more complicated. We are totally interdependent on the rest of the world -- not totally, but extremely interdependent -- and change

is moving very rapidly. I think you cannot have just an agency of government reexamine its own program because -- you are absolutely right -- they have got a vested interest. Now can you take a regulatory agency, which is like a hothouse, plant, and take it out of the greenhouse and put it in the snow and expect it to live. This has got to be something done with intelligence.

I think this is a very exciting challenge to our country and that it would be very stimulating and very worthwhile for all of us to consciously think together as to what we want to accomplish, how we can do it, how we can maximize our extraordinary resources, talents, abilities, both human and natural, in this country and restore our strength at home and our leadership and ability to meet our responsibilities in the world.

I thank you very much.

END

(AT 10:12 A.M. EST)