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PROFESSIONAL BUILDER OF THE YEAR AWARD

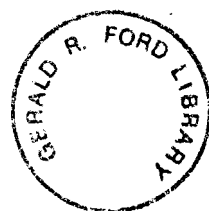
JANUARY 19, 1976

GOOD MORNING!

ONE LOOK AT THE LINE-UP AT THIS "BREAKFAST OF CHAMPIONS", AND YOU KNOW, IMMEDIATELY, THAT THIS IS THE SUPER BOWL OF BUILDERS.

IN YOUR HANDS, THIS NATION'S UNPARALLELED SYSTEM OF FREE ENTERPRISE -- ABETTED BY HARD WORK AND THE ART OF THE POSSIBLE -- HAS TRANSFORMED THE AMERICAN DREAM OF HOMEOWNERSHIP INTO A REALITY FOR MILLIONS OF AMERICAN FAMILIES.

AND, IT'S GREAT TO BE WITH YOU AS YOU "TOAST" PHIL REILLY -- THE TERRY BRADSHAW OF THE HOME BUILDING INDUSTRY -- ALTHOUGH PHIL SOUNDED MORE LIKE THE STEELERS' CHUCK NOLL, OR THE COWBOYS' TOM LANDRY WHEN HE GAVE US OUR 1976 PRE-GAME PEPPER-UPPER JUST NOW!



BUT, MORE THAN THAT, HE PERSONIFIES A FACT: OUR NATION CAN FIND THE KIND OF EXPERTISE IT WILL TAKE IN INDUSTRIES LIKE YOURS TO PROVIDE DECENT HOUSING AND A SUITABLE LIVING ENVIRONMENT FOR EVERY AMERICAN FAMILY.

PHIL REILLY HAS PROVEN THAT QUALITY HOUSING AT REASONABLE PRICES WITHOUT MASSIVE INFLATIONARY FEDERAL SUBSIDIES CAN BE PRODUCED TODAY WITH SALES AND PROFITS. IT HAS BEEN ACCOMPLISHED BY THOUGHTFUL, INNOVATIVE DESIGNS -- POLISHED BY A LOT OF HARD WORK.

THAT IS FREE ENTERPRISE. BUT, MOST OF US ARE UNCOMFORTABLY AWARE THAT TODAY THERE ISN'T A COMMERCIAL ENTERPRISE IN THIS LAND OF THE "FREE" THAT DOESN'T HAVE MORE GOVERNMENT ON ITS BACK THAN IT CAN COMFORTABLY HANDLE -- AND, ALL TOO OFTEN, MORE THAN IS NECESSARY TO ACCOMPLISH THE INTENDED PURPOSE AND TO THE DETRIMENT OF THE CONSUMER.

ONE OF THE GREAT BOONS TO THE CONSUMER IN RECENT YEARS HAS BEEN THE EMERGENCE OF "TRUTH" IN MERCHANDISING -- IN ADVERTISING CLAIMS, ON CIGARETTE PACKAGES, ON FOOD CONTAINERS, ON LOAN CONTRACTS AND NEW CAR WINDSHIELDS.



IN FAIRNESS, WE SHOULD WELCOME SIMILAR DISCLOSURES OF THE HIDDEN COST OF GOVERNMENT IN EVERYTHING THE CUSTOMER BUYS.

IN HOUSING, FOR EXAMPLE, WE KNOW THAT OVER THE PAST DECADE THE PRICE OF THE AVERAGE HOME HAS GONE UP A FULL 14 PERCENT HIGHER THAN THE "COST OF LIVING" AS MEASURED BY THE CONSUMER PRICE INDEX. THERE IS NO QUESTION THAT INCREASINGLY COMPLEX FEDERAL, STATE AND LOCAL REGULATIONS, ORDINANCES, CODES, AND RESTRICTIONS HAVE SIGNIFICANTLY ADDED TO THE BUILDERS' COST OF DOING BUSINESS.

I AM NOT HERE TO ARGUE THE NEED FOR SUCH REQUIREMENTS AS BUILDING CODES, ENVIRONMENTAL IMPACT STATEMENTS, NO-GROWTH POLICIES, SEWER MORATORIA, OR RESTRICTIVE ZONING -- FAR FROM IT. ALL OF US HAVE VIEWED WITH SOME HORROR EXAMPLES OF SHODDY HOUSING DEVELOPMENTS -- TURNED SLUMS; AND, OF LAND USE ABUSE THAT BORDERS ON THE CRIMINAL.

I MENTION THEM HERE ONLY TO POINT OUT THAT OUR AWAKENED CONSUMER INTERESTS HAVE A COST TO THE CONSUMER.

I OFTEN ARGUE THE LOGIC OF THOSE REQUIREMENTS THAT CONFLICT OR THOSE THAT EMBODY RED TAPE THAT GETS IN THE WAY OF HOUSING RECOVERY.

BUT, MY POINT TODAY IS MORE CONCERNED WITH THE FUTURE TIGHT-ROPE WE MUST WALK TO MAKE SURE THAT THE CONSUMER IS BEING PROTECTED FROM THE ABUSES OF THE MARKET PLACE WITHOUT FALLING PREY TO THE EXCESSES OF THE GREAT PROTECTOR.

THE NEEDED BALANCE TO WALK THAT TIGHT-ROPE CAN ONLY COME FROM STRONG AND OPEN LINES OF COMMUNICATION BETWEEN THE PUBLIC AND PRIVATE SECTOR BOTH OF WHICH SERVE THE CONSUMER.

WHERE WE HAVE HAD SUCH COMMUNICATIONS WE HAVE ACHIEVED THAT BALANCE -- WHERE WE HAVE NOT, WE HAVE COMPOUNDED OUR PROBLEMS.

TAKE OUR EXPERIENCE WITH RESPA.

NOW, THERE IS AN EXAMPLE OF REGULATION WELL-INTENTIONED IN CONCEPT BUT UNREALISTIC IN IMPLEMENTATION -- WHICH HAS JUST UNDERGONE LEGISLATIVE REVISION.



AND, THERE IS AN EXAMPLE OF REGULATION ENACTED INTO LAW -- WITHOUT THE NECESSARY INTERCHANGE OF IDEAS ON THE PROBLEMS ADDRESSED OR THE SOLUTIONS FASHIONED. AS A RESULT, WHAT STARTED OUT TO CURB THE ABUSES OF A FEW, ENDED UP STIFLING THE LEGITIMATE OBJECTIVES OF THE MANY.

BUT TAKE OUR RECENT EXPERIENCE IN WORKING CLOSELY WITH YOUR REPRESENTATIVES IN DEVELOPING REGULATIONS GOVERNING OUR HOMEOWNERSHIP SUBSIDY PROGRAM. WE TOOK YOUR ADVICE IN DESIGNING A RESERVATION SYSTEM. WE NOW PROVIDE RESERVATIONS BEFORE A QUALIFIED MORTGAGOR IS IDENTIFIED SO THAT YOU CAN BUILD HOMES WITH ASSURANCE THAT THE MORTGAGE SUBSIDY WILL BE THERE WHEN YOU POST YOUR "FOR SALE" SIGN.

YOU ALSO HELPED MOLD OUR REGULATIONS BEARING ON THE ISSUES OF DISPERSAL OF SUBSIDIZED UNITS, THE MAXIMUM NUMBER OF UNITS THAT CAN BE ASSISTED IN A SUBDIVISION AND IN DEVELOPING A LEVEL OF EXEMPTION FROM THE DISPERSAL REQUIREMENT.

OUR ULTIMATE CONSTITUENCY -- THE CONSUMERS OF HOUSING -- WILL BENEFIT FROM OUR TALKING AND LISTENING.

LOSS OF CONSUMER CONFIDENCE IS A WORRISOME ISSUE TODAY, WHICH RETARDS THE HOUSING RECOVERY. WHEN CONSUMER PRICES INCREASE BECAUSE OF UNNECESSARY REGULATION OR WHEN THE PRODUCTS OFFERED ARE INFERIOR BECAUSE OF INADEQUATE REGULATION, CONSUMER CONFIDENCE ERODES.

AND, IT'S UP TO BOTH OF US TO PROTECT THE CONSUMER IN BOTH INSTANCES. EXPECTATIONS OF QUALITY ARE LEGITIMATE WITH A NEW HOME PURCHASE. AFTER ALL, THE PURCHASE OF A HOME IS FOR MOST AMERICAN CONSUMERS THE BIGGEST BUSINESS TRANSACTION OF THEIR LIFETIME.

YOUR WARRANTY PLAN HELPS TO PROVIDE THAT ASSURANCE AND AGAIN DEMONSTRATES THE CAPACITY OF PRIVATE INDUSTRY TO RESPOND IN A CREATIVE WAY TO CONSUMERS' NEEDS -- WITHOUT GOVERNMENT INTERVENTION. THAT IS THE GENIUS OF OUR FREE ENTERPRISE SYSTEM.

SINCE WE SHARE A CONCERN FOR THE CONSUMER OF HOUSING, I OFFER YOU NOT ONLY AN ACCOLADE, BUT A PLEDGE OF OUR COOPERATION.

YOUR INSIGHT WILL BE VALUABLE IN DETERMINING HOW EXISTING GOVERNMENT WARRANTY PROGRAMS CAN BEST BE USED TO COMPLEMENT PRIVATE WARRANTY PLANS.



AS ALL OF YOU KNOW SO WELL, INDUSTRY'S GREATEST INVESTMENT IN FUTURE PROFITS IS THE CONSUMER GOOD WILL IT ENGENDERS TODAY.

PHIL, YOU DESERVE ALL YOUR HONORS OF THIS MORNING. YOU OBVIOUSLY HAVE WON THE BATTLE FOR CONSUMER CONFIDENCE. I KNOW THAT GIVES YOU A GREAT SENSE OF SATISFACTION AND ACCOMPLISHMENT.

I KNOW TOO THAT IT PLEASURES THE PHILLIP MORRIS COMPTROLLER.

DAVE LINK -- THANK YOU FOR INVITING ME TO YOUR SUPER BOWL.

I HOPE YOU ALL HAVE A GREAT AND PRODUCTIVE 1976.

