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THE PRESIDENT HAS SEEN...

OPENING
FOR MEETING WITH
INDEPENDENT REGULATORY AGENCIES

THURSDAY, JULY 10, 1975

Q1

Why not a special federal
appeals court just for Regulatory
cases?

Because that court
is likely to be too
much on the side of
increased regulation.

I FEEL DEEPLY THAT WE MUST SERIOUSLY CONSIDER
THE COSTS TO AMERICAN CONSUMERS OF ALL GOVERNMENT ACTIVITIES.
THIS INCLUDES OUR REGULATORY ACTIVITIES. REGULATORY
REFORM IS A THEME THAT AROSE REPEATEDLY IN THE COURSE OF
LAST FALL'S ECONOMIC SUMMIT MEETING.

IT IS A THEME THAT IS FINDING GROWING ATTENTION AND
SUPPORT IN BOTH POPULAR AND ECONOMIC LITERATURE, IN
THE EXECUTIVE BRANCH, IN THE HALLS OF CONGRESS, AND,
I AM PLEASED TO NOTE, AMONG GOVERNMENT REGULATORS
THEMSELVES.

A SHORT TIME AGO, I MET WITH TWENTY-FOUR MEMBERS OF CONGRESS ON THIS MATTER. THERE WAS UNANIMITY AMONG THIS BIPARTISAN GROUP THAT WE MUST EXAMINE OUR REGULATORY PRACTICES TO MAKE SURE THEY ARE MEETING OUR PRESENT NEEDS.

THERE WAS AGREEMENT THAT COMPETITION SHOULD BE RELIED ON WHENEVER POSSIBLE AND THAT, WHERE REGULATION IS UNNECESSARY, IT SHOULD BE AVOIDED. ALSO, THERE WAS A PERSISTENT CONCERN THAT SOME GOVERNMENT REGULATION COSTS THE COUNTRY MORE THAN IT RETURNS IN BENEFITS AND THAT THE REGULATORY PROCESS OFTEN BENEFITS SPECIAL INTERESTS AT THE EXPENSE OF THE GENERAL PUBLIC.

FINALLY, THERE WAS CONSENSUS THAT THE IMPORTANT
PUBLIC SERVICE ROLE OF THE COMMISSIONS MUST BE REFLECTED
IN THE ATTITUDE OF THE REGULATORS, AND THE WELFARE OF THE
CONSUMER MUST ALWAYS BE THE FIRST CONCERN IN THEIR
MINDS.

I HAVE A STRONG BELIEF THAT THE COSTS WHICH REGULATION IMPOSES ON PRIVATE CITIZENS SHOULD BE FACED SQUARELY. EVERY CITIZEN SHOULD BE AWARE THAT IN SOME CASES THESE COSTS MEAN HIGHER PRICES, REDUCED EFFICIENCY, LESS CONSUMER CHOICE, AND FEWER IMAGINATIVE IDEAS.

IN CALLING TODAY'S MEETING, I DO NOT
SUGGEST THAT THE PROBLEMS RESIDE EXCLUSIVELY IN
YOUR AGENCIES. REGULATIONS THAT IMPOSE COSTS
ON CONSUMERS CAN ALSO BE FOUND IN CABINET
DEPARTMENTS AND IN THE INTRICATE, SOMETIMES
INVISIBLE, WEB OF LAWS AND REGULATIONS AT THE
STATE AND LOCAL LEVELS.

MY ADMINISTRATION IS FOCUSING PUBLIC
ATTENTION ON THE NEED TO ELIMINATE OR MINIMIZE
UNNECESSARY CONTROLS. WE SHOULD RECOGNIZE
THAT OCCASIONALLY GOVERNMENT POLICIES WHICH
APPEAR TO BE IN THE SHORT-TERM PUBLIC INTEREST ARE,
IN FACT, DETRIMENTAL TO LONG-TERM CONSUMER INTERESTS.

I AM ASKING FOR YOUR CONTINUED AND INTENSIFIED
HELP IN IDENTIFYING WAYS THE COMMISSIONS CAN
ASSIST IN OUR COLLECTIVE EFFORTS TO RESTORE
INVENTIVENESS AND GROWTH IN THE AMERICAN ECONOMY.
AS WE LOOK FOR SHORT-TERM SOLUTIONS, WE MUST
ALSO CHART A COURSE THAT PERMANENTLY RELIEVES THE
ECONOMY OF UNNECESSARY LONG-TERM IMPEDIMENTS.

IN SOME INSTANCES, THE CIRCUMSTANCES
WHICH CAUSED GOVERNMENT TO INSTITUTE REGULATORY
SCHEMES HAVE CHANGED. YOU SHOULD BE THE
LEADERS IN IDENTIFYING AREAS WHERE REGULATIONS
SHOULD BE ELIMINATED OR SUBSTANTIALLY REVISED.

YOU HAVE BEEN GIVEN EXTRAORDINARY
AUTHORITY TO REGULATE THE ECONOMY FOR THE PUBLIC
GOOD. WITH THESE UNUSUAL POWERS AND
RESPONSIBILITIES, YOU MUST FUNCTION AS MODELS
OF EFFECTIVE AND OPEN GOVERNMENT.

THERE ARE FOUR MAJOR AREAS THAT
DESERVE CAREFUL ATTENTION:

FIRST, THERE MUST BE A CONSTANT
EFFORT TO IMPROVE EACH COMMISSION'S ABILITY TO
IDENTIFY THE COSTS AND BENEFITS OF CURRENT AND
PROPOSED REGULATION. YOU SHOULD MAKE SURE
THAT THE QUALITY OF YOUR ECONOMIC ANALYSIS MATCHES
YOUR HIGH STANDARDS OF LEGAL PROFESSIONALISM.

IN PARTICULAR, THE COSTS -- AS WELL AS THE BENEFITS --
OF RESTRICTING COMPETITION MUST BE CONSIDERED.

ALSO, THE BENEFITS OF WORTHWHILE SOCIAL GOALS MUST
BE WEIGHED AGAINST THEIR ECONOMIC COSTS TO THE
NATION.

AS YOU KNOW, I HAVE ORDERED ALL DEPARTMENTS AND AGENCIES TO PREPARE AN INFLATION IMPACT STATEMENT ON EACH OF THEIR MAJOR PROPOSALS. I AM PLEASED THE HOUSE HAS CHANGED ITS RULES TO REQUIRE SIMILAR ANALYSES AND I NOTE THE SENATE HAS SEVERAL SIMILAR MEASURES UNDER REVIEW. I ASK EACH OF YOU TO GIVE THIS MATTER THE HIGHEST PRIORITY.

SECOND, WE MUST TAKE EVERY POSSIBLE
STEP TO MAKE SURE THAT BACKLOG AND DELAYS IN
REGULATORY PROCEEDINGS DO NOT WEAKEN THE PUBLIC
BELIEF IN AN EQUITABLE AND EFFICIENT REGULATORY
SYSTEM. IF LEGISLATION IS NEEDED, YOU MAY BE
CERTAIN THAT THE CONGRESS AND THE ADMINISTRATION
WILL PROVIDE SUCH LAWS.

THIRD, THE PUBLIC CAN RIGHTFULLY
EXPECT YOU TO BE LEADERS IN SUGGESTING APPROPRIATE
LEGISLATIVE CHANGES IN YOUR AUTHORIZING STATUTES.

FOURTH, I HAVE ASKED ALL DEPARTMENTS
AND AGENCIES TO RE-EXAMINE THEIR PRESENT PROCEDURES
FOR ASSURING THAT THE CONSUMER'S INTERESTS PREVAIL.

I BELIEVE THAT COMPETITION IN PRODUCT QUALITY AND
PRICE IS THE BEST CONSUMER PROTECTOR.

BY FREEING ENTRY, ADDING TO RATE
FLEXIBILITY AND PROMOTING SERVICE COMPETITION,
THE CONSUMER CAN BE GIVEN THE CHOICES THAT ONLY
THE MARKET PLACE CAN PROVIDE. I ALSO URGE YOU
TO INSURE CLEARER COMMUNICATIONS WITH CONSUMERS
SO THEY WILL BETTER UNDERSTAND YOUR ACTIONS.

OUR JOINT EFFORTS IN THESE AREAS
WILL MOVE US A LONG WAY TOWARDS THE EFFICIENT
AND USEFUL REGULATORY SYSTEM THAT WE ALL SEEK.

IN ADDITION TO ACHIEVING THESE
ADMINISTRATIVE REFORMS, MY ADMINISTRATION
SPECIFICALLY WILL BE SEEKING FURTHER LEGISLATIVE
CHANGES THAT ARE ALSO INTENDED TO REFORM OUR
SYSTEM OF REGULATION.

IT IS MY STRONG CONVICTION THAT THE
CONSUMER IS BEST ABLE TO SIGNAL HIS WANTS AND
NEEDS THROUGH THE MARKET PLACE. THE
GOVERNMENT SHOULD NOT DICTATE WHAT HIS ECONOMIC
NEEDS SHOULD BE.

THEREFORE, I HAVE PROPOSED, AND WILL CONTINUE
TO SUPPORT LEGISLATION TO RELAX OR ELIMINATE THE
FEDERAL CONTROL OVER AREAS WHERE I BELIEVE THE
MARKET PLACE CAN DO A BETTER JOB.

I BELIEVE THE GOVERNMENT SHOULD INTRUDE
IN THE FREE MARKET ONLY WHEN WELL DEFINED SOCIAL
OBJECTIVES CAN BE OBTAINED BY SUCH INTERVENTION
OR WHEN INHERENT MONOPOLY STRUCTURES PREVENT
A FREELY COMPETITIVE MARKET SYSTEM FROM OPERATING.
GOVERNMENT SHOULD FOSTER RATHER THAN FRUSTRATE
COMPETITION. IT SHOULD SEEK TO INSURE MAXIMUM
FREEDOM FOR PRIVATE ENTERPRISE.

AGENCIES ENGAGED IN REGULATORY

ACTIVITIES CAN EXPECT THAT THE ANTITRUST DIVISION
OF THE JUSTICE DEPARTMENT WILL CONTINUE TO ARGUE
FOR COMPETITION AND LOWER CONSUMER PRICES AS A
PARTICIPANT IN YOUR AGENCIES' PROCEEDINGS.

FURTHERMORE, THE ATTORNEY GENERAL WILL CONTINUE
TO INSURE VIGOROUS ANTITRUST PROSECUTION TO
REMOVE PRIVATE SECTOR BARRIERS TO COMPETITION.

WE HAVE OR WILL PROPOSE REGULATORY REFORM LEGISLATION IN SUCH AREAS AS ENERGY, TRANSPORTATION, FINANCIAL INSTITUTIONS, AND COMMUNICATIONS. I HAVE ASKED CONGRESS FOR ITS COOPERATION IN GIVING THESE BILLS EARLY CONSIDERATION AND I ASK YOU FOR YOUR SUPPORT IN ACHIEVING NEEDED REFORM.

THE LEGISLATION I AM PROPOSING WOULD
REDUCE THE GOVERNMENT'S ROLE IN THE SETTING OF
PRICES. ALSO, IT WOULD ENHANCE INNOVATION
BY MAKING IT EASIER FOR NEW BUSINESSES TO
COMPETE WITH EXISTING FIRMS.

IT WOULD REMOVE BARRIERS FROM EXISTING FIRMS TO ALLOW
THEM TO DEVELOP NEW SERVICES AND LOWER PRICES,
AS WELL AS ABANDON UNPROFITABLE OR UNNECESSARY
SERVICES.

THIS MEETING AND MY EARLIER MEETING
WITH CONGRESSIONAL REPRESENTATIVES ARE ONLY THE
BEGINNING. TODAY, WE WILL CONTINUE THE
DIALOGUE BEGUN AT THE CONGRESSIONAL MEETING.
RODERICK HILLS AND PAUL MacAVOY WILL BRIEFLY
DESCRIBE OUR AGENDA FOR THE MEETING THIS MORNING.

I WILL BE INTERESTED IN HEARING MORE ABOUT THE
STEPS YOU ARE TAKING TO IMPROVE OUR SYSTEM OF
REGULATION AS WELL AS THE PROBLEMS YOU FACE IN THIS
EFFORT.

I AM PARTICULARLY HOPEFUL THAT WE WILL
BE ABLE TO IDENTIFY THOSE PRACTICES WHICH ARE
MOST DESERVING OF ATTENTION AND REFORM. IF
THIS MEETING DOES FOSTER A PROGRAM OF ACTION AND
A NEW SPIRIT OF COOPERATION BETWEEN ALL OF YOUR
COMMISSIONS, CONGRESS AND THE WHITE HOUSE,
WE WILL BE RESPONSIVE TO THE PUBLIC INTEREST.

END OF TEXT