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Reagan & Bush

Reagan Bush Committee

901 South Highland Street, Arlington, Virginia 22204 (703) 685-3400

NEWS RELEASE

FOR A.M. RELEASE:

Wednesday, October 8, 1980

CONTACT: Lyn Nofziger or
Ken Towery
703-685-3630

STATEMENT BY GOVERNOR RONALD REAGAN
REGULATORY REFORM
YOUNGSTOWN, OHIO

The past two days I've discussed the issues missing from the Carter campaign--the tragic economic problems which affect all of us, and which this administration has refused to address. An administration which is unable--or unwilling--to recognize the mistakes it has made in its first four years, would be doomed to repeat them in another four.

So it is with federal regulation, the Third Missing Issue. Mr. Carter said this January that--quote--"We are reducing the cost of regulation on our economy." But the President either does not understand the true costs of regulation, or he is attempting to deceive the American people. True, there have been highly publicized examples of "showcase deregulation," where Mr. Carter has acceded to congressional demands to deregulate. But, by and large, Mr. Carter has greatly increased job-destroying regulation.

Here is the record:

--Pages of regulations added to the Federal Register were more than 35 percent greater in 1979 than in 1976 and are running 50 percent greater this year.

--In 1976, spending for regulatory agencies cost \$3 billion. Last year, the cost had increased to \$4.8 billion.

--In 1976, regulation imposed a \$66 billion burden on the economy. Last year, the cost was more than \$100 billion.

In fact, Mr. Carter has increased regulation of almost every segment of the economy. He even created two new cabinet-level

departments. Mr. Carter has become the biggest regulator in history. And you, the American workers, have been the loser.

Every dollar spent to comply with federal regulations is a dollar that is not available for investing in new job-creating machinery and for hiring new workers. This is especially true in the steel industry, which is one of the most overregulated industries in America.

And the cost of complying with regulations diverts money that could otherwise be spent modernizing and improving plants and equipment. This revitalization is necessary if new jobs are to be created, or even present jobs maintained.

By draining away needed investment funds, regulations also reduce productivity. Productivity means many American companies cannot compete with foreign producers, and American jobs are then exported overseas. Lower productivity also means lower real wages for workers. And under Mr. Carter, productivity has fallen for the last 18 months.

In fact, the utilization of steel plants had dropped to almost 50 percent, meaning that almost half of our steel capacity is lying idle, due in no small way to the excess of federal regulation. How can American steel be competitive in the world, how can steelworkers get the jobs they need, when so little of our productive capacity is in use?

Mr. Carter doesn't want to talk about this problem of over-regulation, however, because he has no answers for it. He doesn't want to talk about the real problems of the unemployed, because he has no answers for them. What he does have is plenty of excuses. And he has become pretty adept at pointing the finger at everything and everyone but the source of so much of your economic misery--his own economic policies.

Last week, he blamed OPEC for unemployment. Mr. Carter is simply wrong--Japan and West Germany import almost all their oil, and their unemployment rates are less than ours. But more important, he doesn't want to take responsibility for the effects of his own policies. As I said earlier, anyone who can't--or won't--learn from the past is doomed to repeat it. Look at the high unemployment, high inflation, and high interest rates which

surround you and ask yourself: can you really afford four more years of this?

There's no reason to believe that a second Carter term would be any different from the first. His desperate attempt to run away from his record shows that his administration apparently cares more about its political fortunes than your economic fortunes.

This failure of leadership and understanding has brought some of America's largest industries to their knees. But his failure to lead in an area where presidential leadership is essential--the reduction of regulation--is just one more reason why he should not be reelected.

I believe we can control excess regulation, and our administration will work to do just that. But I want to emphasize that I oppose excess regulations. We must help protect the health and safety of workers, and consumers, and the quality of our environment. These are areas where federal regulation is not only appropriate, but necessary.

But we must recognize that many regulations impair the ability of industries to compete, reduce workers' real income, and destroy jobs. Therefore, we must have a balanced regulatory approach, in which we recognize that regulations have costs as well as benefits. We must ensure that regulations are limited to those necessary to protect health, safety, and the environment.

However, we must not allow regulations to flourish for their own sake.

Let me give you an example. The air pollution standards we use today were, in general, established in 1970 on the basis of known scientific evidence at that time. Since then, new evidence has become available, and air pollution has been substantially controlled.

But these 1970 rules have helped force factories to shut down and cost workers their jobs. In fact, according to regulatory expert Murray Wiedenbaum, there is concern that--quote--"the regulations issued by the EPA under the 1977 Amendments to the Clean Air Act will slow, if not halt, industrial expansion in many parts of the United States." And they will certainly slow the use of

coal, so essential to making us more energy self-sufficient. We need to thoroughly review those regulations to bring them in line with all new scientific knowledge. Such an update would help prevent such economic tragedies from occurring in the future.

To better control the growth of federal regulations, we should:

- Where possible, replace specific, restrictive rules which mandate procedures, with more flexible performance standards, to allow companies to meet requirements in the most cost-effective manner.
- Require detailed cost-benefit analyses of all sets of proposed regulations.
- Establish an annual regulatory budget, which itemizes the costs of regulations, and allows these costs to be reviewed by Congress and the President.
- Implement sunset legislation for regulations, which would mean the regulations automatically end unless Congress specifically extends them.
- Grant both Congress and the President greater authority to veto regulations approved by executive agencies.
- Review regulations where scientific or technical knowledge has expanded since the regulations were implemented.

These six steps alone will help tremendously to reduce the burden of federal regulations. But they are not enough. We need leadership--a President, cabinet officers, and agency heads, and employees, committed to higher quality, but less regulation. In this way, we can improve regulation where it is needed, such as in health safety, and air quality, but we modify or eliminate it in the countless areas where it is not.

And we need to revitalize the industrial belt. Cities such as Youngstown, Detroit, and Pittsburgh have paid the heavy price of this administration's failed economic policies, and we cannot let them suffer for four more years. Creating the economic conditions which will spur new and modernized industrial development in America's heartland will be a major goal in my administration.

That is why I have proposed accelerated and simplified depreciation schedules, to encourage job-creating investments, and the establishment of enterprise zones in the inner cities, where taxes and regulations are reduced to encourage business and job creation. And that is why I am now proposing to control excess federal regulation, which this administration has failed to do--to make American industry more competitive with foreign producers, and to keep jobs here in America.

Here especially in companies like Youngstown Jones and Laughlin, you need action. And you need action now, because the failed Carter economic policies have effectively shut down much of this plant. Thousands of jobs have been lost. Last week, Mr. Carter visited an auto plant at which there had been no layoffs. It's easy enough to understand why, with as much damage as his policies have done, he probably doesn't want to face the angry voices of the unemployed.

But, the American people are not going to let him hide from the disastrous effects of his policies. I say, let Jimmy Carter come to Youngstown and explain himself to you. Let him come here and listen to the tales of misery--of lack of work, of high prices, of interest rates out of sight. Let him see how his leadership has failed this nation.

By asking the people to trust him in 1976 and by breaching that trust as President, Mr. Carter has crushed the hopes of Americans everywhere. That is why as I travel the country, I see my fellow citizens yearning for a message of hope. That hope will only be restored when we have leadership that provides answers in place of excuses. I hope you are going to give me that opportunity.

* * * * *

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NEWS RELEASE

DEX TO: BUSH
TOUR

*What's the deal
about the BUSH
file*

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In fact, Mr. Carter has increased regulation of almost every segment of the economy. He even created two new cabinet-level

departments. Mr. Carter has become the biggest regulator in history. And you, the American workers, have been the loser.

Every dollar spent to comply with federal regulations is a dollar that is not available for investing in new job-creating machinery and for hiring new workers. This is especially true in the steel industry, which is one of the most overregulated industries in America.

And the cost of complying with regulations diverts money that could otherwise be spent modernizing and improving plants and equipment. This revitalization is necessary if new jobs are to be created, or even present jobs maintained.

By draining away needed investment funds, regulations also reduce productivity. Productivity means many American companies cannot compete with foreign producers, and American jobs are then exported overseas. Lower productivity also means lower real wages for workers. And under Mr. Carter, productivity has fallen for the last 18 months.

In fact, the utilization of steel plants had dropped to almost 50 percent, meaning that almost half of our steel capacity is lying idle, due in no small way to the excess of federal regulation. How can American steel be competitive in the world, how can steelworkers get the jobs they need, when so little of our productive capacity is in use?

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Last week, he blamed OPEC for unemployment. Mr. Carter is simply wrong--Japan and West Germany import almost all their oil, and their unemployment rates are less than ours. But more important, he doesn't want to take responsibility for the effects of his own policies. As I said earlier, anyone who can't--or won't--learn from the past is doomed to repeat it. Look at the high unemployment, high inflation, and high interest rates which

surround you and ask yourself: can you really afford four more years of this?

There's no reason to believe that a second Carter term would be any different from the first. His desperate attempt to run away from his record shows that his administration apparently cares more about its political fortunes than your economic fortunes.

This failure of leadership and understanding has brought some of America's largest industries to their knees. But his failure to lead in an area where presidential leadership is essential--the reduction of regulation--is just one more reason why he should not be reelected.

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Let me give you an example. The air pollution standards we use today were, in general, established in 1970 on the basis of known scientific evidence at that time. Since then, new evidence has become available, and air pollution has been substantially controlled.

But these 1970 rules have helped force factories to shut down and cost workers their jobs. In fact, according to regulatory expert Murray Wiedenbaum, there is concern that--quote--"the regulations issued by the EPA under the 1977 Amendments to the Clean Air Act will slow, if not halt, industrial expansion in many parts of the United States." And they will certainly slow the use of

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And we need to revitalize the industrial belt. Cities such as Youngstown, Detroit, and Pittsburgh have paid the heavy price of this administration's failed economic policies, and we cannot let them suffer for four more years. Creating the economic conditions which will spur new and modernized industrial development in America's heartland will be a major goal in my administration.

That is why I have proposed accelerated and simplified depreciation schedules, to encourage job-creating investments, and the establishment of enterprise zones in the inner cities, where taxes and regulations are reduced to encourage business and job creation. And that is why I am now proposing to control excess federal regulation, which this administration has failed to do--to make American industry more competitive with foreign producers, and to keep jobs here in America.

Here especially in companies like Youngstown Jones and Laughlin, you need action. And you need action now, because the failed Carter economic policies have effectively shut down much of this plant. Thousands of jobs have been lost. Last week, Mr. Carter visited an auto plant at which there had been no layoffs. It's easy enough to understand why, with as much damage as his policies have done, he probably doesn't want to face the angry voices of the unemployed.

But, the American people are not going to let him hide from the disastrous effects of his policies. I say, let Jimmy Carter come to Youngstown and explain himself to you. Let him come here and listen to the tales of misery--of lack of work, of high prices, of interest rates out of sight. Let him see how his leadership has failed this nation.

By asking the people to trust him in 1976 and by breaching that trust as President, Mr. Carter has crushed the hopes of Americans everywhere. That is why as I travel the country, I see my fellow citizens yearning for a message of hope. That hope will only be restored when we have leadership that provides answers in place of excuses. I hope you are going to give me that opportunity.

* * * * *

FROM: BOB GARRICK

OUT AT: 0900
Monday, 6 October

Senator Paul Laxalt
Ambassador Anne Armstrong
Bill Casey
Ed Meese ✓
Jim Baker
Bill Brock
Dean Burch
(For Ambassador Bush)
Peter Dailey
Mike Deaver
Drew Lewis
Lyn Nofziger
Verne Orr
Bill Timmons
Dick Wirthlin
Congressman Tom Evans

INFORMATION

The enclosed will be given
by RR on Wed. AM in Youngs-
town, Ohio, 8 Oct. Please
return to me with suggestions
by 9 A.M. Tuesday, 7 Oct.
Thank you.

Richard Allen
Martin Anderson
Jim Brady
Ed Gray

Others

Ray Bell
Bob Gray
Bill Morris

YOUNGSTOWN

The past two days I've discussed the missing issues from the Carter campaign — those major economic problems which affect all of us, sometimes in tragic ways, which this administration has refused to address in this campaign. An administration which will not recognize the mistakes it has made in the first four years, will be doomed to repeat them in the next four.

So it is with federal regulation, the Third Missing Issue. Mr. Carter said this January that — quote — "we are reducing the cost of regulation on our economy."

Either the President does not understand the true costs of regulation, or his administration is trying to deceive the American people about how much they have increased job-destroying regulation of our economy. True, there have been the examples of Mr. Carter's "showcase deregulation" — high publicity areas where he has acceded to Congressional demands to deregulate. But, by and large, regulation and its costs have increased dramatically under Mr. Carter.

Here is the record:

*The additions to the Federal Register, a measure of the amount of regulation, were more than 35% greater in 1979 than in 1976. This year, regulation increases are running 50% greater than before Mr. Carter took office.

*In 1976, regulation imposed a \$66 billion burden on the economy. Last year, the cost was more than \$100 billion.

*In 1976, paperwork resulting from federal regulation cost \$25 billion. Last year, it ~~probably~~ cost almost \$40 billion.

*In 1976, spending for regulatory agencies cost \$3 billion. Last year, the cost had increased to \$4.8 billion.

In almost every category, Mr. Carter has increased regulation of the economy. In fact, he has become the biggest regulator in history. You, the American worker, have been the loser.

Every dollar spent on complying with federal regulation is a dollar that is not available for hiring new workers. This is especially true in the steel industry, which is one of the most over-regulated industries in the United States.

Regulations reduce productivity, by as much as a third. Lower productivity means American companies cannot compete with foreign producers, and American jobs are exported overseas. In addition, lower productivity means lower real wages for workers. Yet, during the last eighteen months, productivity under Mr. Carter's stewardship has fallen significantly.

And the cost of compliance with federal regulations diverts money that could be spent modernizing and improving plants and equipment. Yet this revitalization is necessary if jobs are to be available for you and your families in the future. But, the jobs won't be available if we can't modernize our plants, and we have to buy more of our steel and autos from overseas.

In fact, the utilization of steel plants had dropped to almost 50%, meaning that almost half of our steel capacity is lying idle, due in no small way to the excess of federal regulation. How can American steel be competitive in the world, how can steelworkers get the jobs they need, when so little of our productive capacity is in use?

Mr. Carter doesn't want to talk about this problem of over-regulation, however, because he has no answers for it. He doesn't want to talk about the real problems of the unemployed, because he has no answers for them. What he does have is plenty of excuses. And he has become pretty adept at pointing the finger at everything but the source of so much of your economic misery — his own economic policies.

Last week, he blamed OPEC for unemployment. It's not just that that is an absurd statement — Japan and West Germany import almost all their oil, and their unemployment rates are far less than ours. It's that he won't take responsibility for the effects of his own policies. As I said, anyone who won't learn from the past is doomed to repeat it. Look at the high unemployment, high inflation, and high interest rates which surround you and ask yourself: can you really afford four more years of this?

There's no indication that a second Carter term would be any different from the first. His desperate attempt to run away from his record is symbolic of his administration's attitude; they apparently care a great deal more about their political fortunes than your economic fortunes.

This failure of leadership and understanding has brought the world's strongest economy and largest industries to their knees. And his particular failure to lead in an area where presidential leadership is essential — the reduction of regulation — is just one more reason why he should not be re-elected.

I believe we can control excess regulation, and our administration will work to do just that. But we will keep in mind the main purpose of regulation: we must protect the health and safety of workers, the safety

of the products companies produce, the quality of our environment, and so on. These are areas where federal regulation is not only appropriate, but necessary, and I will commit my administration to achieving these goals.

But we cannot forget that regulations, by their nature, tend to reduce workers' real incomes and the number of jobs available. We must have a balanced regulatory approach, in which we recognize that regulations have costs as well as benefits. We must ensure that regulations are created to improve health, safety, the quality of the environment and the like, but we must not allow regulations to flourish for their own sake.

Here are the steps I pledge to take as President to control the growth of federal regulation:

*Where possible, we should replace specific, restrictive rules which mandate procedures, with more flexible performance standards, to allow companies to meet requirements in the most cost-effective manner.

*We should require detailed cost-benefit analyses of all sets of proposed regulations.

*We should establish an annual regulatory budget, which itemizes the costs of regulations, and allows these costs to be reviewed by Congress and the President.

*We should implement sunset legislation for regulations, which would mean the regulations automatically end unless Congress specifically extends them.

*And we should grant both Congress and the President greater authority to veto regulations approved by the executive agencies.

These five steps will help tremendously in reducing the burden of burgeoning federal regulation. But alone, they are not enough. We need leadership — a President, cabinet officers, and agency heads committed to high-quality, but efficient regulation. We need to improve regulation where it is needed, such as in health, safety, and air quality, but we need to revise or remove it in the countless areas where it is unnecessary or excessive.

Let me give you an example. The air pollution standards we use today were, in general, established in 1970 on the basis of known scientific evidence at the time. Since then, much new evidence has become available, and air pollution has been substantially controlled. But there has been no thorough review of these rules to change them in line with the latest evidence. As a result, factories have been forced to shut down and workers have lost their jobs.

In fact, according to regulatory expert Murray Wiedenbaum, there is concern that — quote — "the regulations issued by the EPA under the 1977 Amendments to the Clean Air Act will slow, if not halt, industrial expansion in many parts of the United States." And they will certainly slow the use of coal, so essential to making us more energy self-sufficient. We need to update all regulations so these tragedies do not occur in the future.

And we need to revitalize the industrial belt. Cities such as Youngstown, Detroit, and Pittsburgh have paid the heavy price of this administration's failed economic policies, and we cannot let them continue to suffer in the next four years. Creating the economic conditions which will spur new and modernized industrial development in America's heartland will be a major goal in my administration. That is why I have proposed

accelerated and simplified depreciation schedules, to encourage job-creating investments; and the establishment of enterprise zones in the inner cities, where firms are given tax breaks to locate there. And that is why, especially, we need to control excess federal regulation, as this administration has failed to do, to make American industry more competitive with foreign producers.

Here especially at Youngstown Jones and Laughlin you need action in these areas, and you need it now, because the failed Carter economic policies have resulted in three quarters of this plant being shut down. Last week, Mr. Carter visited an auto plant at which there had been no layoffs. It's easy enough to understand why. With as much damage as his policies have done, he probably doesn't want to face the angry voices of the unemployed.

But, the American people are not going to let him hide from the effects of his actions. I say, let Jimmy Carter come to Youngstown and explain himself to you. Let him come here and listen to the tales of misery — of lack of work, of high prices, of interest rates out of sight. Let him see how his leadership has failed this nation.

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Speech
file

TO: Deaver, Anderson, Brady, Nofziger

FROM: Garrick

1 - INTRODUCTION

(Additional information
on Youngstown, OH)

*OK and
Garrick 6 Oct
1:05pm*

The Youngstown region has supported iron and steel production for a long time.

The first settlement of Europeans in the Mahoning Valley occurred in 1790. In 1803 the Hopewell Iron Furnace was opened at the confluence of Yellow Creek and the Mahoning River. The furnace drew upon ample local supplies of surface iron ore deposits and limestone. The area was also heavily timbered and access to large quantities of charcoal was easy.

By 1845 iron production in the valley had come to depend on local deposits of siderite ores. Bituminous coal was also available from nearby sources, with qualities allowing it to be used without pre-treatment in local iron furnaces.

Large deposits of high-grade ore were discovered in the Great Lakes region later in the 19th century; and these contributed to further growth of iron production in the Mahoning Valley. By 1875 there were 21 furnaces active in the Valley, producing approximately 250,000 tons per year of high-quality iron.

Production of steel came late to the Valley. The first Bessemer plant was built in 1895. Shortly thereafter, James A Campbell organized what was to become the Youngstown Sheet and Tube Company, incorporated under Ohio law in November, 1900.

The new company and the plant which bears Mr. Campbell's name led the way to construction of fully integrated iron and steel production facilities in the Mahoning Valley, which later established the Youngstown region as a steel production center of the first rank. By 1920 more steel was produced in the Mahoning Valley than in the Pittsburgh region, then the acknowledged seat of leadership for the United States steel industry.

Mr. Campbell remained at the helm of the new company for nearly 10 years and was responsible for much of its success. Most of the facilities now in place at the Youngstown Sheet and Tube plant sites at Campbell, Struthers and Briar Hill were built during this period.

Youngstown Sheet and Tube was merged with Lykes Corporation in May of 1969. The merger was accomplished by an exchange of securities and new capitalization for the merged company, establishing new capital service requirements to be met from earnings.

*Forwarded
1:24 PM
10/6/69*

Youngstown Sheet and Tube was continued as a subsidiary of the new enterprise and contributed handsomely to corporate earnings until adversities began to intensify in 1975.

Several forces affecting the United States steel industry generally had serious impact on production at the Campbell and Briar Hill Works:

1. Demand for steel products in the national economy had fallen precipitously in late 1974 and remained at low levels through all of 1975.
2. Slack demand for steel was not limited to the United States but was felt worldwide.
3. When the United States began recovering from the 1974-75 recession, other industrialized countries did not follow suit as quickly.
4. Revival of demand for steel products occurred in proportionately greater degree in the United States than in international markets.
5. Foreign steel producers deprived of other market outlets, aggressively sought to expand participation in the United States market.
6. Much of their success was dependent on pricing actions for steel products sold in the United States that United States producers could not meet, given the costs confronting them at older production facilities such as those represented by the Campbell Works.

The impact of foreign competition was not felt uniformly across all product lines. Seamless pipe and tubing produced by Youngstown Sheet and Tube at facilities in the Youngstown region was largely unaffected by aggressive foreign efforts in U.S. markets. Hot and cold rolled flat products, hot rolled bars and welded pipe were severely affected, however; and Youngstown Sheet and Tube suffered heavy losses during late 1976 and early 1977 in these markets.

The difficulties of contending with these problems had become too great by the end of the summer, 1977. On 19 September 1977, Youngstown Sheet and Tube Company announced the closing of most of the facilities supporting flat rolled, bar and welded pipe products at the Campbell Works and selected facilities at Briar Hill.

In the months since that announcement, the Company has successfully closed down production in the affected product lines while preserving activity in markets for seamless pipe and tubing. All sale of Campbell Works flat rolled products, bars and welded pipe will have been completely terminated by the end of December. The production equipment that previously supported these lines will also have been carefully and responsibly mothballed.

The announced closing has meant that approximately 4,500 employees of Youngstown Sheet and Tube are now faced with uncertain prospects for continued employment in steel; and the Youngstown region has lost the economic support provided by one of its oldest and most successful manufacturing enterprises, one on which much of the region's reputation as a steel producer had rested.

The closing has sparked a number of questions concerning possibilities for reopening the closed facilities and reviving production. On 14 November 1977, the Western Reserve Economic Development Agency asked the firm of George Beetle, Consulting Engineer, to undertake a general assessment of prospects for reopening the closed facilities. The agency was acting with assistance and support provided by the Youngstown Religious Coalition.

The Beetle firm agreed to work quickly and prepare a report describing the opportunities and difficulties to be found in any effort to revive production at the closed facilities by 15 December 1977. The investigations have now been completed.

A total of 6,000 jobs were lost at Jones and Laughlin Steel. This was primarily due to:

1. Import problems
2. Environmental dollars-300 million were needed for EPA improvements.

When closed, the immediate losses were:

1. $3\frac{1}{2}$ million sq. ft.
2. $1\frac{1}{2}$ million tons of steel
3. 50% of local school budget

Actual closures consisted of the following: 4 blast furnaces, open hearth shop with 12 furnaces (capacity of 100 tons each), blooming and billet mills, hot strip mills, cold strip mills, electric tube mills. These machines produced: hot rolled bars, sheet carbon plates, continuous welded pipe, rigid conduit.

Note: Youngstown Sheet and Tube Co. became Jones and Laughlin Steel after the Lykes/LTV merger in September 1978.

MASTER

FROM: BOB GARRICK

OUT AT: 0900
Monday, 6 October

Senator Paul Laxalt ✓

Ambassador Anne Armstrong ✓

Bill Casey ✓

Ed Meese ✓

Jim Baker ✓

Bill Brock ✓

Dean Burch ✓
(For Ambassador Bush)

Peter Dailey ✓

Mike Deaver ✓

Drew Lewis ✓

Lyn Nofziger ✓

Verne Orr ✓

Bill Timmons ✓

Dick Wirthlin ✓

Congressman Tom Evans ✓

INFORMATION

The enclosed will be given
by RR on Wed. AM in Youngs-
town, Ohio, 8 Oct. Please
return to me with suggestions
by 9 A.M. Tuesday, 7 Oct.
Thank you.

Richard Allen ✓

Martin Anderson ✓

Jim Brady ✓

Ed Gray ✓

Others

Ray Bell ✓

Bob Gray ✓

Bill Morris ✓

To (Jim Brady, Marty Anderson
Lyn Nofziger, Mike Deaver

DRAFT/KRH-KLK/10-5-80

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The past two days I've discussed the missing issues from the Carter campaign — those major economic problems which affect all of us, sometimes in tragic ways, which this administration has refused to address in this campaign. An administration which will not recognize the mistakes it has made in the first four years, will be doomed to repeat them in the next four.

So it is with federal regulation, the Third Missing Issue. Mr. Carter said this January that — quote — "we are reducing the cost of regulation on our economy."

Either the President does not understand the true costs of regulation, or his administration is trying to deceive the American people about how much they have increased job-destroying regulation of our economy. True, there have been the examples of Mr. Carter's "showcase deregulation" — high publicity areas where he has acceded to Congressional demands to deregulate. But, by and large, regulation and its costs have increased dramatically under Mr. Carter.

Here is the record:

*The additions to the Federal Register, a measure of the amount of regulation, were more than 35% greater in 1979 than in 1976. This year, regulation increases are running 50% greater than before Mr. Carter took office.

*In 1976, regulation imposed a \$66 billion burden on the economy. Last year, the cost was more than \$100 billion.

*In 1976, paperwork resulting from federal regulation cost \$25 billion. Last year, it ~~probably~~ cost almost \$40 billion.

*In 1976, spending for regulatory agencies cost \$3 billion. Last year, the cost had increased to \$4.8 billion.

In almost every category, Mr. Carter has increased regulation of the economy. In fact, he has become the biggest regulator in history. You, the American worker, have been the loser.

Every dollar spent on complying with federal regulation is a dollar that is not available for hiring new workers. This is especially true in the steel industry, which is one of the most over-regulated industries in the United States.

Regulations reduce productivity, by as much as a third. Lower productivity means American companies cannot compete with foreign producers, and American jobs are exported overseas. In addition, lower productivity means lower real wages for workers. Yet, during the last eighteen months, productivity under Mr. Carter's stewardship has fallen significantly.

And the cost of compliance with federal regulations diverts money that could be spent modernizing and improving plants and equipment. Yet this revitalization is necessary if jobs are to be available for you and your families in the future. But, the jobs won't be available if we can't modernize our plants, and we have to buy more of our steel and autos from overseas.

In fact, the utilization of steel plants had dropped to almost 50%, meaning that almost half of our steel capacity is lying idle, due in no small way to the excess of federal regulation. How can American steel be competitive in the world, how can steelworkers get the jobs they need, when so little of our productive capacity is in use?

Mr. Carter doesn't want to talk about this problem of over-regulation, however, because he has no answers for it. He doesn't want to talk about the real problems of the unemployed, because he has no answers for them. What he does have is plenty of excuses. And he has become pretty adept at pointing the finger at everything but the source of so much of your economic misery — his own economic policies.

Last week, he blamed OPEC for unemployment. It's not just that that is an absurd statement — Japan and West Germany import almost all their oil, and their unemployment rates are far less than ours. It's that he won't take responsibility for the effects of his own policies. As I said, anyone who won't learn from the past is doomed to repeat it. Look at the high unemployment, high inflation, and high interest rates which surround you and ask yourself: can you really afford four more years of this?

There's no indication that a second Carter term would be any different from the first. His desperate attempt to run away from his record is symbolic of his administration's attitude; they apparently care a great deal more about their political fortunes than your economic fortunes.

This failure of leadership and understanding has brought the world's strongest economy and largest industries to their knees. And his particular failure to lead in an area where presidential leadership is essential — the reduction of regulation — is just one more reason why he should not be re-elected.

I believe we can control excess regulation, and our administration will work to do just that. But we will keep in mind the main purpose of regulation: we must protect the health and safety of workers, the safety

of the products companies produce, the quality of our environment, and so on. These are areas where federal regulation is not only appropriate, but necessary, and I will commit my administration to achieving these goals.

But we cannot forget that regulations, by their nature, tend to reduce workers' real incomes and the number of jobs available. We must have a balanced regulatory approach, in which we recognize that regulations have costs as well as benefits. We must ensure that regulations are created to improve health, safety, the quality of the environment and the like, but we must not allow regulations to flourish for their own sake.

Here are the steps I pledge to take as President to control the growth of federal regulation:

*Where possible, we should replace specific, restrictive rules which mandate procedures, with more flexible performance standards, to allow companies to meet requirements in the most cost-effective manner.

*We should require detailed cost-benefit analyses of all sets of proposed regulations.

*We should establish an annual regulatory budget, which itemizes the costs of regulations, and allows these costs to be reviewed by Congress and the President.

*We should implement sunset legislation for regulations, which would mean the regulations automatically end unless Congress specifically extends them.

*And we should grant both Congress and the President greater authority to veto regulations approved by the executive agencies.

These five steps will help tremendously in reducing the burden of burgeoning federal regulation. But alone, they are not enough. We need leadership — a President, cabinet officers, and agency heads committed to high-quality, but efficient regulation. We need to improve regulation where it is needed, such as in health, safety, and air quality, but we need to revise or remove it in the countless areas where it is unnecessary or excessive.

Let me give you an example. The air pollution standards we use today were, in general, established in 1970 on the basis of known scientific evidence at the time. Since then, much new evidence has become available, and air pollution has been substantially controlled. But there has been no thorough review of these rules to change them in line with the latest evidence. As a result, factories have been forced to shut down and workers have lost their jobs.

In fact, according to regulatory expert Murray Wiedenbaum, there is concern that — quote — "the regulations issued by the EPA under the 1977 Amendments to the Clean Air Act will slow, if not halt, industrial expansion in many parts of the United States." And they will certainly slow the use of coal, so essential to making us more energy self-sufficient. We need to update all regulations so these tragedies do not occur in the future.

And we need to revitalize the industrial belt. Cities such as Youngstown, Detroit, and Pittsburgh have paid the heavy price of this administration's failed economic policies, and we cannot let them continue to suffer in the next four years. Creating the economic conditions which will spur new and modernized industrial development in America's heartland will be a major goal in my administration. That is why I have proposed

accelerated and simplified depreciation schedules, to encourage job-creating investments; and the establishment of enterprise zones in the inner cities, where firms are given tax breaks to locate there. And that is why, especially, we need to control excess federal regulation, as this administration has failed to do, to make American industry more competitive with foreign producers.

Here especially at Youngstown Jones and Laughlin you need action in these areas, and you need it now, because the failed Carter economic policies have resulted in three quarters of this plant being shut down. Last week, Mr. Carter visited an auto plant at which there had been no layoffs. It's easy enough to understand why. With as much damage as his policies have done, he probably doesn't want to face the angry voices of the unemployed.

But, the American people are not going to let him hide from the effects of his actions. I say, let Jimmy Carter come to Youngstown and explain himself to you. Let him come here and listen to the tales of misery — of lack of work, of high prices, of interest rates out of sight. Let him see how his leadership has failed this nation.

By asking the people to trust him in 1976 and by breaching that trust as President, Mr. Carter has crushed the hopes of Americans everywhere. That is why as I travel the country, I see my fellow citizens yearning for a message of hope. Well, that hope will only be restored when we have leadership that provides answers in place of excuses. I hope you will give me that opportunity.