

REGULATED TO DEATH

President Ford, in a recent address, advocated the removal of many of the regulations which fetter industry. Whether Congress will do anything about it or not is a moot question, for regulation feeds on itself and grows much like a cancer.

The Interstate Commerce Commission which was one of the first regulatory bodies established probably has had more to do with the deplorable state of the nation's railroads than the unions and poor management. Poor management contains within itself its own cleansing process. When management is bad, profits are down, which causes the owners to do something which usually means to clean house and install executives with at least a bit more ability. Unions, no mat-

ter how monopolistic, recognize that the business in which they are in must prosper and have profits or eventually it goes bankrupt. So, they can be reasoned with, and when they see conditions are bad they will adjust. But a bureaucracy is beholden to no one but the government. Whether their regulations cause an industry to wither and die has little effect on the bureaucrats. They can always "Prove" it was not the regulations but something else.

But to show how regulators can tend to destroy an industry, take the Interstate Commerce Commission. Shortly after it was established in the latter part of the 18th century one of its first rules was to order the railroads to use domestic iron for rails rather than the imported steel, which was much more durable. Its rules and regulations up to the present are legion, making it almost impossible to run a railroad profitably. The only ones to gain are the lawyers and bureaucrats who multiply at an exponential rate. The lawyers try to figure out how to get around the regulations, and the bureaucrats then try to figure out how to create new rules to eliminate the loopholes.

The only consolation we have is that things could be worse, which would be the case if the railroads were nationalized. Mr. W. B. Wriston, a banker, in a speech on regulation pointed out that government owned railroads are worse. The Japanese railroads are well known for their cleanliness. But they employ 450,000 people for 13,000 miles of track. The Union Pacific with 95,000 miles of track employs 28,000 people.

But while a regulated industry is not as bad as a governmental owned and operated one, that is no reason for preferring regulation.

And unfortunately American regulates the public utilities, the railroads, the airlines, radio and TV Broadcasters and indirectly meat packers, farmers, brokers, bankers and many others.

Mr. Wriston says from experience they have learned that a good rule of thumb is for them to remember that the longer an industry has been regulated the worse credit risk it tends to be.

Because inflation is causing so much dislocation, Mr. Ford's speech does indicate that at last some attention in high quarters is being given to the sad results of regulation. Whatever else what one may think of his proposals to fight inflation, this one is certainly a

good one and deserves the commendation of all. If Congress will heed the President and remove the regulations, at least some of them, it will have done a lot more than it usually does for the economy.

A good rule of thumb for Congress would be: Every day in every way we will vote to remove a regulation which is strangling American business.

Oscar B. Johannsen