

REMARKS BY GOVERNOR JAMES B. EDWARDS
AMERICAN CONSERVATIVE UNION
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You have chosen the topic of "Creative Federalism" for discussion today...that's kind of a new way of saying the right of state and local governments to make their own decisions. .

It certainly would be quite "Creative" if they had more powers today to make their own decisions.

In fact, I think if local and state governments had a little more voice in the overall national picture, the American people would be a whole lot better off.

Many of us in state government...along with most of our citizens...become quite frustrated with some of the things that happen up on the Hill. Often we feel like we have little voice in what the Congress or the administration is doing.

Perhaps part of that is our own fault. For many years, state and local governments have allowed the federal government to dictate to them. We have accepted countless federal programs without regard to what their long-term costs might be. We have been apathetic toward federal intervention into state and local affairs. That time has come to an end.

The most serious case---in my mind---is the over-regulation of state affairs by the federal government. South Carolina shares a common problem with other states in this area. I'm sure that everyone here can offer countless examples of problems caused by federal regulations in their own states.

In recent years, we have worked hard to attract industry and business to our state to increase the number of jobs, raise revenues, and improve the general standard of living. We have been fortunate in bringing in a wide range of industrial interests. But the climate set by federal regulations has not helped our economic growth. For example, our backbone industry--textiles--has borne it's share of the problems, too.

The president of the American Textile Manufacturers Institute, John M. Hamrick, recently estimated that the new 1977 EPA water preservation guidelines alone, will cost the industry 252 million dollars this year. OSHA standards to reduce dust in textile plants by 1982 are estimated to cost the industry at least 860 million dollars.

Mr. Hamrick sums up the problem by saying: "Government regulations proposed for textiles are all commendable in intent. They are all very expensive and most of them call for technology which does not now exist." About the costs he says, "The ultimate cost is for Mr. and Mrs. Average Citizen. The costs could be far greater than the benefits and could move so high as to deprive people of the ability to maintain present living standards."

Many of our industries have been severely threatened as a result of federal controls on natural gas. Earlier this year, Transco, which serves a major portion of our industry, predicted as much as a 65 percent shortage this year. Our industries, because of government regulations, have been largely unable to assure an adequate supply of natural gas from other sources. In this, as in other areas, we in state government have done all we can to help our industries---not restrict them. We have tried to encourage solutions, rather than interfere.

Another classic example of over-regulation in my home state was the case of one of our state Senators who wanted to build a dock down on the inland waterway. Here you have a man who owns a little property on the waterway and all he wants is a simple little dock.

But before he finishes that dock, he must get approvals and permissions and clearances from a long list of agencies. Permit me to read the agencies that he has to go through for one dock:

The U.S. Forest Service

Three sections of the U. S. Department of Commerce
11 different sections of the Army, Navy, and
Coast Guard.

Two divisions of the EPA

Two divisions of the Federal Power Commission

The Department of Interior

Three divisions of the Bureau of Outdoor Recreation
and the Federal Highway Administration.

In addition, he also had to get clearances by nine different state agencies.

All this for a little fishing dock!

In South Carolina, we have taken a different approach to regulations.

Our Labor Department was the first in the nation to administer the regulations of the Occupational Safety and Health Administration. There are numerous other state agencies that doing the same today.

Although the U.S. Department of Labor monitors our administration, we have undertaken all aspects of inspection.

As our Commissioner of Labor, Ed McGowan, says, we carry out all the regulations, but we do it with a smile on our face. Actually it's more than that. We have worked hard to keep the way open for problem solving. We keep an open door to changes based on reasonable objections by employers.

We have also offered businessmen consulting services to help them understand what is needed for compliance. We have found time and time again, that businessmen would rather deal with their own state government than the federal enforcers.

In another area, we are experimenting with a team approach to licensing. Our four major agencies license some 1300 facilities. Each license requires a fire inspection, a sanitation inspection and one or more program evaluations. In addition, about half of these facilities have twice as many inspections for various Federal programs. You can imagine what it would be like for every hospital administrator or child care center owner who would have to take time out for all these visits!

Through a coordinated consortium arrangement, we will be sending out teams - the fire inspector, the sanitation inspector, and appropriate program personnel - to license with one visit.

Besides reducing the harassment, we expect solid benefits. We hope to reduce the cost of licensing.

We are looking very closely at state and federal standards to eliminate conflicts - either by upgrading our own standards or by speaking up when we feel federal standards are too stringent.

We are evaluating our fee structure to determine who is paying the bill and who should be. One way or another, the public will bear this cost. We hope to find the fairest, least expensive system.

In South Carolina, we see state government's role with businesses and industry as one of a partnership. This, of course, is the general attitude taken by many successful European countries and the Japanese government.

This approach far exceeds the "peaceful coexistence" that is even rarely enjoyed between certain industries and the federal government. Our purpose at the state level is to encourage business and industrial segments--- for the mutual benefit of both the private sector and the state.

However, at the national level, the pattern has been one of over-regulation and harassment.

Let me conclude by pointing out some suggestions for the future. I believe that the approach toward regulation taken by many of our states---like South Carolina---is worthy of consideration by the federal government. Perhaps if business and industry is viewed as an asset to the nation rather than as something to be regulated, we would be in far better shape.

It is my firm conviction that the experience of the states can set a good example for the process of federal de-regulation.

As I said earlier, we all know that some regulation is needed. My concern is that we have only the regulations that are truly needed. Regulations are supposed to be for the benefit of the people of America. I think they can be.

We must change our way of approaching regulation. I believe that regulation can both protect the interests of the people and encourage a healthy economic situation. I believe we can reach reasonable goals of a cleaner environment, safer products and healthier working standards. But at the same time, I believe we can encourage industrial production, improve the business climate and maintain a free market system.

Reasonable and fair regulation requires little more than common sense. No company pollutes the environment simply because it wants to. Pollution is the byproduct of less expensive production.

Professor Murray Weidenbaum of Washington University has suggested that we make it un-profitable to pollute and profitable to avoid pollution. He has suggested a "pollution fee" for example. Companies who do not pollute pay nothing. Those who do, must pay a fee. This is the kind of common sense approach that is needed in regulation.

Regulation is an inescapable part of the world we live in today. But we must not forget what our original objectives are.

It's like the old saying..."When you are up to your waist in alligators, it's hard to remember that your original objective was to drain the swamp."

I suggest we look at our objectives in a rational manner and take reasonable approaches to reach them.