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SPEECH TO: N. C. MERCHANTS ASSOCIATION  
CHARLOTTE, NORTH CAROLINA  
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THANK YOU FOR INVITING ME TO BE WITH YOU TODAY.

I HAVE GREAT RESPECT FOR YOUR ORGANIZATION BECAUSE YOU ARE ENGAGED IN SOMETHING THAT I BELIEVE IN VERY DEEPLY--THE FREE ENTERPRISE SYSTEM, WHICH I FEEL IS ONE OF THE BASIC REASONS FOR THIS NATION'S GREATNESS.

AND AS LONG AS ORGANIZATIONS SUCH AS THIS ARE THERE TO DEFEND IT, THE FREEDOM OF PRIVATE ENTERPRISE WILL NOT BE LOST TO AMERICA.

IT IS MY FIRM BELIEF THAT OPEN AND FREE COMPETITION GENERATED BY THE INITIATIVE AND IMAGINATION OF PRIVATELY OWNED ENTERPRISES IS THE BEST REGULATING FACTOR IN THE MARKETPLACE.

BUT I FEEL WE ALL REALIZE THAT SOME CURBS ARE NECESSARY WHICH WILL PRESERVE, NOT INJURE, THE FREE ENTERPRISE SYSTEM.

BACK IN 1890, A VERY CONSERVATIVE MEMBER OF THE U. S. SENATE, JOHN SHERMAN OF OHIO, INTRODUCED THE SHERMAN ANTITRUST ACT WHICH IS STILL THE LAW TODAY. THIS ACT WAS NOT REFERRED TO AS AN ACT TO

REGULATE BUSINESS BUT AS AN ACT TO "MAKE FREE ENTERPRISE FREE", WHICH IT DOES BY INSURING COMPETITION.

NORTH CAROLINA HAS HAD ON ITS BOOKS ANTITRUST LEGISLATION SINCE 1913.

IN 1969, CHAPTER 75, THE STATE ANTITRUST LAW, WAS AMENDED TO ADD FURTHER PROHIBITIONS AGAINST SPECIFIC TYPES OF COMMERCIAL ACTIVITIES.

THE NEW SECTION GENERALLY PROHIBITS UNFAIR METHODS OF COMPETITION AND DECEPTIVE ACTS IN THE CONDUCT OF TRADE OR COMMERCE.

I WAS INSTRUMENTAL IN GETTING THIS LEGISLATION TO PROTECT THE CONSUMER ENACTED AND I HAVE NO APOLOGIES FOR THIS.

IN FACT, WHEN I CAMPAIGNED FOR ATTORNEY GENERAL IN 1968, I MADE INCREASED CONSUMER PROTECTION ONE OF THE PRINCIPAL PLANKS IN MY PLATFORM.

AS RESPONSIBLE BUSINESSMEN, YOU, TOO, SHOULD BE SUPPORTERS OF THIS LEGISLATION. IT WAS NOT PASSED TO HARASS THE HONEST TRADESMAN; RATHER IT PROTECTS SUCH A BUSINESSMAN JUST AS IT PROTECTS THE CONSUMER.

LET ME CITE AN EXAMPLE.

NOT TOO LONG AGO A LARGE STORE IN RALEIGH ADVERTISED IN A RALEIGH NEWSPAPER, WITH A FULL PAGE, THAT IT WAS SELLING TIRES AT A VERY LOW PRICE.

I KNOW OF ONE MAN IN MY HOME TOWN OF LILLINGTON WHO DROVE TO RALEIGH AS SOON AS HE GOT HIS MORNING PAPER TO TAKE ADVANTAGE OF THE LOW PRICES.

BUT WHEN HE GOT TO RALEIGH, EVEN THOUGH IT WAS STILL EARLY IN THE MORNING OF THE FIRST DAY OF THE SPECIAL SALE, HE WAS TOLD THAT THE LOW-PRICED TIRES WERE SOLD OUT AND, OF COURSE, THEY TRIED TO SELL HIM SOME HIGHER PRICED TIRES. IT WAS THE OLD CLASSIC "BAIT AND SWITCH" TACTIC.

HE ASKED TO SEE THE MANAGER WHO ADMITTED THAT ONLY ABOUT SEVEN OF THE TIRES HAD BEEN AVAILABLE AT THE ADVERTISED PRICE.

NOW THE STORE WAS ATTEMPTING TO TAKE ADVANTAGE OF THE CONSUMER, BUT IT WAS ALSO HURTING OTHER MERCHANTS.

THE SMALLER TIRE DEALER IN LILLINGTON COULDN'T AFFORD TO RUN A FULL PAGE AD IN THE RALEIGH PAPER, BUT IF THE BUYER HADN'T BEEN LURED TO RALEIGH BY THE DECEPTIVE ADVERTISING HE WOULD IN ALL PROBABILITY HAVE BOUGHT HIS TIRES FROM HIS NEIGHBOR WITH WHOM HE TRADED REGULARLY.

AND I DON'T HAVE TO TELL YOU THE HARM DONE BY FLY-BY-NIGHT OPERATORS WHEN THEY GET INTO A COMMUNITY AND TAKE AWAY MONEY BY DECEPTIVE PRACTICES. THESE PEOPLE TAKE MONEY THAT WOULD ORDINARILY

GO INTO LOCAL BUSINESS CHANNELS.

SO I FEEL THAT IN PROTECTING THE CONSUMER WE ARE ALSO PROTECTING THE DECENT, RESPONSIBLE BUSINESSMAN.

AND I THINK THAT YOUR ORGANIZATION AND YOU INDIVIDUALLY SHOULD BE CONCERNED ABOUT LESS THAN HONEST PRACTICES AND SHOULD SUPPORT ANY EFFORT TO HALT THEM.

AND I AM SURE THAT YOU ARE CONCERNED, AS ALL OF US ARE, WITH ANOTHER THIEF THAT IS LOOSE IN THE LAND.

THAT IS THIS INFLATIONARY SPIRAL WE ARE IN, THAT IS WEAKENING OUR DOLLAR EACH AND EVERY SUCCEEDING MONTH.

AS YOU KNOW, I HAVE JUST CONCLUDED A LONG CAMPAIGN FOR THE DEMOCRATIC NOMINATION TO THE UNITED STATES SENATE. AS I TRAVELLED OVER THE STATE, I FOUND THAT PEOPLE ARE DEEPLY TROUBLED AS THEY SEE PRICES OF THE THINGS THEY MUST BUY CONTINUE TO GO UP AND UP WITH LITTLE OR NO RELIEF IN SIGHT.

THE INFLATION WE ARE EXPERIENCING IS EVERYBODY'S ENEMY BECAUSE IT IS EATING AWAY OUR ABILITY TO GIVE OUR FAMILIES COMFORTABLE HOMES, ADEQUATE FOOD AND CLOTHING AND EDUCATION. I AM SURE THOSE OF YOU WHO OPERATE RETAIL ESTABLISHMENTS HEAR COMPLAINTS EVERY DAY ABOUT THE COST OF THINGS, AND YET YOU ARE POWERLESS TO STOP THE RISE BECAUSE YOU ARE HAVING TO PAY MORE AT THE WHOLESALE LEVEL.

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YOU KNOW IT HAS LONG BEEN A WIDESPREAD BELIEF THAT WE WILL NEVER HAVE ANOTHER DEPRESSION AS WE DID IN THE 1930'S BECAUSE THE FEDERAL GOVERNMENT WON'T LET IT HAPPEN -- THAT IF THINGS GET BAD ENOUGH THE GOVERNMENT WILL STEP IN AND PRIME THE PUMP AND THUS AVOID DISASTER THAT A DEPRESSION CAN BRING.

WELL, MAYBE SO, BUT WHEN YOU GET TO THE POINT WHERE YOUR INCOME WON'T BUY ENOUGH TO DECENTLY HOUSE AND FEED YOU AND YOUR FAMILY, THEN YOU HAVE GOT YOUR OWN PRIVATE DEPRESSION AND ALL THE TALK ABOUT THE GOVERNMENT NOT LETTING IT HAPPEN IS JUST THAT-- TALK.

THE FEDERAL GOVERNMENT, IN FACT, WHICH HAS TALKED YEAR AFTER YEAR ABOUT STOPPING INFLATION IS IN FACT A PRIME CAUSE OF THIS SPIRAL IN COSTS THAT IS HITTING US ALL.

THE REASON IS THAT THE FEDERAL GOVERNMENT DOESN'T ACT LIKE IT TALKS.

WHEN THE FEDERAL GOVERNMENT, YEAR AFTER YEAR, SPENDS MORE THAN IT TAKES IN, YOU HAVE THE PRIME CAUSE FOR RISING PRICES.

THE PRESENT ADMINISTRATION IN WASHINGTON TOOK OFFICE AFTER CAMPAIGNING WITH A PROMISE TO BALANCE THE FEDERAL BUDGET.

IT DIDN'T DO IT, AND IN ALL FAIRNESS, CONGRESS MUST SHARE THE BLAME.

LAST YEAR THE GOVERNMENT HAD A DEFICIT OF \$14 BILLION AND THE YEAR BEFORE THAT IT WAS IN THE RED \$23.2 BILLION. IN FISCAL 1975, THE DEFICIT PROBABLY WILL BE BETWEEN \$10 AND \$15 BILLION.

SOMEBODY IN WASHINGTON -- AND I BELIEVE IT MUST BE THE CONGRESS -- HAS GOT TO SAY "STOP" AND IT MUST BE SAID SOON.

IF I GET THERE NEXT YEAR -- AND I BELIEVE I AM GOING TO -- I WANT TO SAY "STOP" AS LOUD AND CLEAR AS I CAN.

IT WON'T BE AN EASY THING TO HALT. AS ONE SENATOR RECENTLY SAID, DEFICIT SPENDING HAS BECOME SO FASHIONABLE IT IS NO LONGER POSSIBLE TO SHOCK THE AMERICAN PEOPLE. THEY EXPECT EACH YEAR TO BRING HIGHER TAXES, MORE SPENDING AND A BIGGER FEDERAL DEBT.

BUT CONGRESS CAN BRING FEDERAL SPENDING BACK INTO LINE.

IT HAS MADE A START ON THIS, AND I THINK THAT IS GOOD NEWS.

JUST RECENTLY, AS YOU MAY HAVE READ IN YOUR NEWSPAPER OR HEARD ON RADIO OR TELEVISION, THE SENATE PASSED THE "BUDGET REFORM ACT". THE HOUSE OF REPRESENTATIVES HAD PREVIOUSLY PASSED ITS OWN VERSION OF THE SAME BILL AND NOW THEY MUST BE RECONCILED, BUT THE REAL SIGNIFICANCE IS THAT CONGRESS AT LONG LAST IS REVERSING THE TREND AND IS ASSERTING THE LEGISLATURE'S CORRECT ROLE.

YOU KNOW THE CONSTITUTION, IN ARTICLE I SECTION 8, SAYS,  
"THE CONGRESS SHALL HAVE POWER TO LEVY AND COLLECT TAXES."

AND IN SECTION 9 IT DECLARES, "NO MONEY SHALL BE DRAWN  
FROM THE TREASURY BUT IN CONSEQUENCE OF APPROPRIATIONS MADE BY  
LAW."

THE CONSTITUTION'S LANGUAGE IS CLEAR. IT GIVES TO  
CONGRESS THE POWER TO DETERMINE THE AMOUNTS PEOPLE WILL BE  
TAXED AND TO DETERMINE THE PURPOSES FOR WHICH THE PEOPLE'S  
MONEY WILL BE SPENT.

IN RECENT YEARS, CONGRESS HAS ABDICATED MUCH OF THIS POWER  
AND RESPONSIBILITY TO THE EXECUTIVE BRANCH. NOW, THROUGH THE  
BUDGET REFORM BILL, IT IS MOVING TO TAKE BACK THE POWER THE  
CONSTITUTION GAVE IT.

BRIEFLY, HERE'S WHAT THIS LEGISLATION DOES. IT ALLOWS  
CONGRESS TO FIX ITS OWN SPENDING LEVELS AND IF THESE ARE SET  
WITHIN ANTICIPATED REVENUES, AS WE HAVE DONE ALL THESE YEARS IN  
NORTH CAROLINA, THEN WE CAN HAVE A BALANCED BUDGET IN WASHINGTON  
JUST AS WE HAVE IN RALEIGH.

EARLY IN THE CAMPAIGN THAT JUST ENDED, I URGED PASSAGE OF THIS  
LEGISLATION JUST AS I PROMISED TO NOT SUPPORT DEFICIT SPENDING.

AS I SAID, IT WON'T BE EASY AND CONGRESS WILL HAVE TO  
PRACTICE SOME REAL SELF DISCIPLINE.

BUT IT CAN BE DONE AND IT MUST BE DONE.

EARLIER I SAID THAT I HAD FOUND THE PEOPLE IN OUR STATE TROUBLED BY INFLATION.

I FOUND THEM ALSO DEEPLY TROUBLED BY SOMETHING ELSE -- THEIR LOSS OF FAITH IN THE INTEGRITY OF THEIR GOVERNMENT.

IF YOU THINK THIS ISN'T OF REAL CONCERN TO NORTH CAROLINIANS, THEN YOU OUGHT TO TRAVEL AS I HAVE RECENTLY TRAVELLED AND LISTEN TO WHAT THEY ARE SAYING.

THEY SIMPLY DON'T KNOW WHO OR WHAT TO BELIEVE ANYMORE, ESPECIALLY WHAT THEY HEAR FROM WASHINGTON.

YOU, I AM SURE, HAVE SEEN THE RESULTS OF THE NATIONAL POLLS IN YOUR NEWSPAPERS. BOTH THE PRESIDENT AND THE CONGRESS ARE HELD IN RECORD LOW ESTEEM.

SOMEHOW WE MUST RESTORE THE CONFIDENCE OF THE PEOPLE IN THEIR NATIONAL GOVERNMENT.

YOU CAN ONLY DO THAT BY BEING HONEST WITH THE PUBLIC AND POLITICIANS MUST START TALKING STRAIGHT AND PLAIN.

HONEST ANSWERS MUST BE GIVEN TO QUESTIONS THAT PEOPLE ASK THEIR ELECTED OFFICIALS.

THERE IS NOTHING WRONG WITH AMERICA THAT COMPLETE HONESTY WON'T CURE.

IN THE FINAL ANALYSIS, I BELIEVE THE PEOPLE WANT PUBLIC OFFICIALS TO HAVE INTEGRITY AND BE HONEST WITH THEM. UNLESS OUR PUBLIC OFFICIALS RESPOND TO THESE DESIRES, AMERICA WILL BE IN TROUBLE.

OF ONE THING I AM SURE, AND IT IS A SOBERING THOUGHT, UNLESS CONFIDENCE IN OUR ELECTED OFFICIALS AND OUR GOVERNEMENT IS RESTORED, THEN GOVERNMENT AS WE HAVE KNOWN IT WILL HAVE GREAT DIFFICULTY IN ENDURING.