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DO REGULATIONS REINFORCE ETHICAL POSTURES?

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I am pleased to have this opportunity to address the question "Does Regulation Reinforce Ethical Postures?" It is, however, not a question which lends itself readily to a "yes" or "no" answer. Regulation, after all, is the rubric under which we refer to a wide spectrum of governmental activities. Similarly, the scope and content of society's ethics is not empirically determined, and, accordingly, the impact of the one on the other is elusive.

At one end of the regulatory spectrum could be placed the virtually unchallengeable standards which create a safer and more orderly society and whose benefits far outweigh costs to the public. A law requiring that all motor vehicles drive on a particular side of the road is an example of this brand of regulation. Correspondingly, regulation of this nature has either little or no ethical content.

At the other end of this spectrum would be edicts which most all of us would agree are not within the proper domain of government. Any societal benefit which these laws may provide are far outweighed by the great societal burden or harm which they inflict. A law by which the government routinely could control the content of newspapers would fall within this category. And yet, this sort of judgment is one in which we expect ethics to play an important role. Indeed, the scope and nature of journalistic ethics is widely debated.

In the middle range, in the area where more evenly matched benefits and costs exists -- and each must be weighed against the other -- the regulatory process has come under increasing scrutiny and more and more its decisionmaking, and even its justification, is being challenged. Similarly, it is in this area that the interplay between law and ethics is the most difficult to define. It is, therefore, this range of regulation -- in which discretion, value judgments and emerging public attitudes have a prominent role to play -- upon which I want to focus today.

My view is that, on the whole, government regulation has served the public well. While there is an indisputable need to make the regulatory process more cost effective and sensitive to contemporary economic limitations, regulation has, on balance, contributed to making this Nation healthier, safer and fairer. But these achievements have not made us more ethical. On the contrary, as regulation expands, the room for individual ethical values shrinks proportionately.

And, the achievements of regulation in improving the Nation's lot seem to have generated an appetite to achieve more. As a result, over the last five decades, regulation in one form or another has regularly been invoked against a constellation of real or perceived public injuries without always adequately considering its effect on society -- either as an individual standard or, even more importantly, as part of a developing regulatory omnipresence. On the part of much of the public and some in government, the use of regulation -- to address every form of inequity, danger, overreaching or other perceived abuse -- has taken on a momentum independent of any reasoned analysis of the overall benefits and costs of the regulatory process.

This approach to the role of regulation, if unrestrained, could risk creating a society of hollow legalisms in which ethical considerations have little currency. In a setting in which any decision of import is subject to a regulatory standard, literal compliance to the standard -- rather than any principles of ethics -- becomes the measure of acceptable conduct. And, in such an extreme situation, the ethical posture of a private individual or institution -- that is, the ability to identify and respond to internally-generated norms and not merely to conform to externally-imposed standards -- would be largely unexercised and unreinforced and, therefore, would atrophy. The principle to be distilled is that when regulation becomes so pervasive that legal edicts rather than ethical precepts will largely determine how we interact in society, we will have laid the foundation for becoming an amoral people.

What we must do as a Nation is bring an unprecedented degree of serious thinking and creativity to bear on the dynamics of the regulatory process. We need to better understand the appropriate role of regulation, its benefits and costs, and its effects on the decisionmaking and ethical posture of those who are subject to it. And, we need to develop creative alternatives to the regulatory mechanisms now in existence. Most importantly, we should explore ways by which we can meet regulatory objectives by enhancng, rather than displacing, the ethical element in private sector decision-making. The resolution to these concerns may well be beyond the capabilities of any one person, but it is nonetheless urgent that an open discussion begins.

Importance of Government-Business Relationship

Of course, the particular perspective that one brings to an issue reflects personal experiences and observations. Much of my life has involved the workings of business -- initially as a participant in that system, then as an educator and presently as a government official. And, no part of society has been so pervasively subject to regulation -- or has operated under the threat of even greater regulation -- as has the business community -- particularly the American corporation. Accordingly, I will primarily refer to the regulation of business as the prototype of the overall impact of regulation on the ethical health of society.

At one level, as the wealthiest, most influential and most powerful nongovernmental institution in society, corporations have an enormous impact on our national well-being. Indeed, the corporate system, in only a few generations, transformed a generally agrarian subsistence economy into a society of mass production and mass consumption. And, as a result, in contemporary society, it is largely the corporate system and its ability to marshal and deploy capital and labor which produces and distributes the necessities of life -- as well as the real income to pay for them. What has come to be called the "quality of life" -- our possessions, our leisure time, the availability of labor-saving products, even the purity of the air we breathe and the water we drink -- depends, to a large extent, on the productive and wealth-generating activities of corporations and how those activities are carried out.

Because of the major impact which its economic sector has on society, the public-at-large rightfully expects to play a role in defining the rules under which business may conduct its affairs. And, as a Nation now removed by economic development from a merely subsistence existence, we have developed new aspirations and social values -- and a heightened concern with whether the workings of the economy further or hinder our reaching those objectives.

When the conduct of particular segments of the business community is perceived to be injurious to society's interests -- such as by collusively controlling markets or releasing toxic substances into the environment -- society generally responds by enacting laws which impose governmental regulation. And, as the corporate sector's importance in the industrialized world has increased, society has become more aggressive in subjecting business to politically determined standards.

But, tempering the instinct to regulate business activities must be an appreciation of the second level of relationship between business and society -- subtle, but much more profound. The course of world events during this century confirms that democracy flourishes best in the soil of a healthy private enterprise sector. Private enterprise is characterized by decentralization of power and diversity in addressing national needs. And, facilitating the exercise of individual judgment and choice, the discipline of the free marketplace -- determining which enterprise shall flourish and which shall fail -- is, in its most essential terms, a form of economic self-determination by society in aggregate. These are attributes which facilitate a socioeconomic environment conducive to maintaining a free society. In contrast, in countries where the government exercises rigid control over virtually every aspect of production and consumption, individual decisionmaking, choice and liberty, as we know it, do not exist. The domination of the economic institutions in a society is inevitably coupled with a centralization and dominance of its political and social mechanisms. Justice

William O. Douglas -- often an outspoken critic of the corporate sector -- recognized this principle in his observation: "The First Amendment and free enterprise . . . go hand-in-hand in a practical way."

Economic Regulation

A degree of economic regulation -- whether stated as accepted behavioral norms, legal proscriptions or, in much earlier times, religious law -- is, however, a valid prerogative of an organized society. A critical mission of any society is to ensure that its economic capacities operate in a manner consistent with its greater societal interests. And, conduct which accords with this standard is considered to be "ethical" behavior. In this vein, Jeremy Bentham described ethics as "the art of directing men's actions to the production of the greatest possible quantity of happiness." Or, stated somewhat differently, the conduct which a society chooses to include in its ethical system reflects its particular stage of development, character and needs.

In examining this premise, let us consider, for example, one of the oldest ethical systems available for analysis: the Torah, the first five books of the Bible. The Torah documents the economic values of a principally agrarian life -- such as the humane treatment of domestic animals, conservation of the land, and provision for the rural poor. Trade and commerce seems to be given relatively little notice; its inclusion primarily is limited to such general injunctions as those against false weights and measures. In subsequent millenia, however, the life of many of the people who were governed by the ethical standards of the Torah became increasingly complex -- a situation reflected in the works of the Talmud and later scholars. These works also include the concerns of a more urbanized and commercially oriented people, and, thus, -- as would be expected -- they reflect ethical standards which respond to that way of life, including zoning ordinances -- such as where to put the local tannery or school -- and nuisance laws -- which balance the benefits of particular activities against the private and public costs which they may incidentally generate.

The American experience similarly reflects a society that began as a largely agrarian -- some would say frontier -- culture. When this Nation was young -- and marked by seemingly boundless resources, endless unoccupied areas, and unlimited opportunities -- the public perceived a unity of interest between business' workings and our national aspirations. Increased commerce meant national development. And, as a result, a humanist like Emerson could enthusiastically report that "[t]he greatest meliorator of the world is selfish, huckstering trade."

Even today, some advocate that society is best served by an unrestricted, unlimited commercial sector. Citing Adam Smith's seminal economic work, The Wealth of Nations, they argue that the genius of the free marketplace in efficiently allocating resources and accommodating changes in supply and demand means that the markets should operate unencumbered by externally-imposed moral values. Or, in ethical terms, it is the free workings of the marketplace which best serve society's interests. In this system, any externally-imposed democratic or humanitarian ideals are deemed irrelevant, or, even worse, destructive of the market process.

Yet, upon analysis, Smith, who considered himself as much a moral philosopher as an economist, did not believe in an unaccountable commercial sector. Rather, he looked primarily to the internalized values of the individual to check the societally abhorrent, but potentially profitable, excesses of commerce. Smith believe, in essence, that private institutions -- religion, education, and the family -- would educate individuals to understand that the acquisitive impulse is natural, but that it must be diverted and governed by certain moral considerations. Smith's emphasis on personal morality did not spring from a naive faith in commercial behavior -- indeed, he foresaw the likelihood of collusion among businessmen and by labor to the detriment of market forces. Rather, the limited role which he assigned government in this system sprang from his analysis -- in my opinion, a correct analysis -- that government is less a justified and less desirable regulatory of those impulses than private institutions.

Nonetheless, over the last century, many came to believe that ethical restraints do not adequately safeguard the public's welfare and, therefore, business must be subject to standards externally imposed by society's predominate public institution -- the government. Perhaps this process reflects the risks borne by a technological society -- the greatly increased magnitude of the injuries that could befall the public when the private sector does not meet its public responsibilities. Nineteenth century America, for example, did not have to concern itself with any potential calamity comparable to that of a poorly operated nuclear facility. Some point also to a perceived failure of private standards throughout society and cite, as its genesis, an inability of the contemporary church, synagogue, school and family to any longer shape high moral goals for society at large. If that be true, there is no reason to expect that people acting in a business context would be immune from a general erosion of moral values.

This situation may be compounded by the role which an individual plays as part of a large organization. Indeed, this is the core of the debate over corporate accountability.

If an individual is in a business setting in which every action is justified on purely immediate economic grounds and in which rewards and punishments are based on short-term economic performance, then, quite naturally, he will shape his conduct to maximize the immediate economic returns of the entity, even at the expense, if need be, of other social or ethical values or even the longer-term interests of the corporation and its shareholders. The result may be positive in the short run. Over the longer term, however, business will destroy itself if it pursues that course. I do not believe society will tolerate permanently a major institution in its midst which justifies itself solely on economic terms. Nor do I believe that people who staff the entity will be able indefinitely to pursue conduct in their business relationships which is not consistent with other dimensions of their lives.

In fact, the political history of the last generation is punctuated by legislation which arose when the private sector did not, for whatever reason, adjust its productive efforts to the evolving interests and increasing expectations of society. The perception of an unlimited natural bounty that marked nineteenth century America, for example, has given way to a public recognition that the environment is a fragile and limited resource. Therefore, when portions of the business sector failed to accommodate this emerging concern in the course of their operations, government was called upon to impose regulations upon business to meet these higher expectations.

Government, as a consequence, has become the premier institution in society -- sufficiently powerful that, in a confrontation with private institutions, it will always prevail. When acting under the mandate of a political consensus, government's prerogatives, including its potential to cripple a viable private sector -- and thereby inadvertently jeopardize society's libertarian character -- have come to appear unbounded. It would be ironic, indeed, if -- in the name of advancing ethical principles -- we have begn to risk the vitality of the economic institution characterized by decentralization of economic power and decisionmaking and freedom of choice, and which is the generator of the real wealth necessary to satisfy our national aspirations -- in short, the very foundations upon which libertarian democracy must stand.

Yet, if we effectively deprive business decisionmaking of the responsibility and opportunity to consider and respond to society's ethical expectations, we would collaterally deprive business of the public credibility and deference which, in turn, is necessary for it to make such contributions to the larger society. This, to my mind, mandates that we make a more careful analysis than we have in the past to determine what kinds of problems actually require government regulation as their solution. Clearly, there are areas in which society, through government, must decide whether the social costs of permitting a particular activity to be conducted without regulation are so great that the resulting burdens on the economic system which regulation entails must be accepted. For example, we cannot, in my judgment, realistically expect individual utility companies to decide whether the generation of nuclear power is "ethical" or "unethical" or whether society's need for additional electricity outweighs the risks inherent in the activity. This is the sort of judgment which society as a whole, through the legislative organs of government, must make.

On the other hand, there are also areas in which -- while the abuses are real and the social costs measurable -- society can and should rely on the business or industry involved to make the decisions itself. Where society grants that latitude, business has an obligation -- in its own interest -- to bring both ethics and economics to bear in its decisionmaking. The issue of how to evaluate these economic costs and social costs and how to strike the balance is perhaps best left to private decisionmaking.

Assuming that there are situations of both types -- cases in which only government can strike the appropriate balance and cases in which private freedom -- including the freedom to err -- should be preserved, how can the line be drawn between the two? The answer is neither clear nor precise. In struggling with the problem -- and it is, I think, the struggle rather than the solution which strengthens our sense of ethics -- one point must be borne in mind: If we opt to employ the law, we will pay a price which exceeds the economic price alone of the resulting regulation. There is also a price in terms of the extent to which we further restrict the realm in which ethics may operate. And, if the latitude for private, ethical decisionmaking becomes too narrow -- our society will become amoral. As Alexander Solzhenitsyn has put it, "a society with no other scale but the legal one is not quite worthy of man . . . ."

The Limits of Regulation

It would be a mistake to believe that a society which is characterized by an abundance of laws, as a consequence, assures its people a better way of life. In fact, the opposite may be true. In my view, one measure of the ethical health and strength of a society might be read from a graph which depicts two variables. One line on the graph would reflect the level of ethical behavior. The second line would reflect the conduct to which the law compels adherence. When the ethics line is significantly higher than the law line -- that is, when concepts of ethically acceptable behavior are significantly higher than the standards which the law imposes -- the society enjoys good moral health. If, however, the gap between the two lines narrows, it may well reflect a greater dependency on the law and a decline in moral vigor. And, in the United States today, I believe that these two lines are coming much closer together. Increasingly, we have looked to the law to define right and wrong, moral and immoral; the notion that the law sets the floor rather than the ceiling has received diminishing currency.

In some respects, our societal aspirations may have outraced our abilities to satisfy them. Our society, as a whole, and business as a part of our society, is being compressed between competing claims and goals, each of which could be achieved individually, but not all of which can be attained at once without adversely impacting the health of both society and the private enterprise system. What our priorities should be, where our scarce resources should be applied, and what systems impacts we can accept are questions which are seldom explicitly addressed. The result is often the adoption of regulatory solutions to perceived social problems which reflect political expediency and compromise rather than reasoned judgments about society's overall needs and capacities. Only recently we have recognized to any significant degree that we cannot afford everything we might want and that the burdens of regulation are felt in every pocketbook.

Traditionally, the American political system has lacked the ability to set limits on popular expectations of what government can accomplish -- to say "no" as well as "yes" to demands for public solutions to private sector problems. Our brand of democracy encourages coalitions of single interest constituencies and affords them tremendous leverage over government decisionmaking The result is a tendency to try to create a remedy for every wrong. We have, thus, backed into a situation in which many implicitly assume that government's role is to create a risk-free society; that every risk, every accident, and every loss requires, as a matter of societal philosophy, a statutory redress -- or a rush to legislate against the possibility of repetition.

The consequence of this process has been to begin a transfer of ultimate decisionmaking power over business affairs from the private sector to public fora. When the private sector loses final decisionmaking power over important areas of its activity in favor of a superimposed regulatory scheme, it inevitably also begins to lose its economic bearings and disciplines and -- even more importantly -- its sense of moral responsibility. When business is required to operate in a regulatory environment -- and, when it is concerned that any misstep which it may make will be used to justify even more regulation -- business is compelled to become more and more attentive to its regulators and, consequently, become less, rather than more, responsive to the needs and expectations of the market and the public. Correspondingly, business' unique entrepreneurial ability to create and innovate -- the ultimate justification for an independent private sector -- tends to atrophy. This partial eclipse of the market discipline does not, however, mean that business becomes more sensitive to the other needs and expectations of the society or that it becomes more socially responsible. Indeed, in a regulatory environment, the public develops, over time, a tendency to view the government as the arbiter of acceptable behavior and, therefore, to presume that any course of action which is not prohibited by the government is, consequently, an acceptable alternative. Participants in the system, in effect, relinquish their responsibility to establish their own parameters for proper business conduct -- and leave the government to fill the vacuum.

Moreover, an overdependence on government to precisely demark the limits of acceptable bahavior can have a collateral negative effect on the social contract that leads people to willingly bear the individual costs associated with the workings of society. In a healthy society, there is a sense that, in aggregate, the law provides for the betterment of all society. To enjoy such regard, the law must be perceived as facilitating accepted societal objectives and administered in a fair and reasonable way. Compliance under such a system becomes an ethical obligation which is voluntarily undertaken. A different response occurs when the law is not held in such esteem. When the law is seen as conflicting with the standards of a society, too costly, or unfairly administered, the law is not respected. In such instances, compliance is not an internalized ethical responsibility -- rather, obedience becomes an exercise in penalty avoidance. However, such an obligation may be circumvented -- whether by loophold or evasion -- becomes acceptable behavior in this nonethical system.

Indeed, these dynamics already have become the mark of our tax system. Whether because of inequities favoring particular groups or social strata, the feeling that tax obligations are excessive, a belief that revenues are not used productively, or a combination of such or other factors, much of the American public now appears to comply with the tax laws exclusively in this penalty avoidance mode -- without, for example, any ethical sense or satisfaction that they are rightfully financing our societal objectives. As a result, we have a climate in which tax avoidance becomes acceptable conduct -- as witnessed by a multi-billion dollar gray market in so-called "tax-shelters," whose exclusive economic justification is its willingness to absorb money which would otherwise go to the Treasury's coffers. And, in such circumstances, the major remedies available to the government appear to be more of the same: first, closing loopholes by making the law even more detailed and, therefore, more obscure; and, second, increasing penalties sufficienty to make the risk-to-possible-gain ratio more compelling.

The point is that a law which does not enjoy the credibility of those who it affects diminishes the individual's or institution's sense of responsibility. Particularly in government-business relations, this process leads some to advocate even still stricter control to satisfy the public's expectation that the regulated institution will conduct itself in a manner which accords with the interests and objectives of society at large. Thus, opportunities for private sector to assert its independent sense of responsibility become further preempted by the imposition of regulation. We are presented with dynamics by which regulation diminishes business' sense of accountability vacuum, and, eventually, creates a system in which the game becomes focused on loopholes rather than ethical responsibilities. We have created an unending downward cycle which could culminate, without deliberation or conscious decision, in the destruction of the private enterprise system -- and libertarian democracy -- as we know it.

Alternatives to Regulation

Some respond to these concerns by advocating that we scrap the regulatory process. A more realistic approach, however, recognizes that regulation will continue -- as it should -- and as it has continued despite the differing views of a succession of presidential administrations. This is because society, as a whole, is not likely to lower its expectations that important power groups and institutions will contribute to -- and not frustrate -- meeting society's expectations.

What we should expect -- and demand -- is for government to give more thought than it has in the past to those areas in which the judgments can be made by the private sector. And, that business, in turn, in the areas where it has latitude will inject concerns in addition to the economic into its decisionmaking. This approach may not always produce the perfect resolution to each particular concern, but it will avoid the price we would bear by transforming our Nation into an unduly legalistic society.

But this process cannot work absent a public understanding that all that could be improved in society cannot necessarily be improved by government involvement. They also must realize that the virtues of risk-taking and ventureness rewards society and that the consequences of a mistake or failure -- even when it gives rise to physical injury -- must be acceptable, within reasoned limits, as the price a society pays to enjoy the benefits of innovation and diversity in decisionmaking. In fact, even a degree of greed must be tolerated. Mankind's acquisitive impulse, except in its most destructive excesses, is a constructive and driving force working to society's benefit.

My greatest hope is that the current reevaluation of federal regulation will provide the opportunity for all concerned to rethink our objectives and the processes which, over the last half-century, seemed inevitably to result in the federal government's being invoked as the necessary guardian of the public's expectations. My preference is that when a private group or an institution is identified as falling short of its public responsibilities, efforts first be made to strengthen the accountability mechanisms of that institution and, if necessary, search out new opportunities by which it can accommodate the public's reasonable expectations.

This process which harmonizes the individual group or institution with the public's expectations for a greater good is classified under the rubric of "self-regulation." It is, to my mind, the course of action necessary to prevent the mutual distrust and alienation of the groups and institutions that compromise American society -- an alternative which paints an unappealng portrait of a society in which each element struggles to advance its selfish interests and is held in check only by the threat of punishment by a dominating federal presence.

Indeed, the most attractive attribute of self-regulation is that it enhances, rather than displaces, traditional private sector processes and accountability mechanisms. Self-regulation leaves the private sector with the opportunity to apply its own ethical values and judgment to its decisionmaking, as well as the responsibility -- if challenged -- to justify the basis upon which these decisions are made. At the Securities and Exchange Commission, we have applied this model, for example, to restructuring our regulation of investment companies. As a result, each investment company's board of directors now has the authority and responsibility to sanction a broad range of transactions which heretofore required the specific approval of our agency. My perception is that, on the whole, this self-regulatory mode has been working well -- it places responsibility, ethical and legal, where it belongs -- and the objectives of the federal securities laws are being advanced while significantly curtailing costs, delays, and a federal presence in routine business decisions.

These results are consistent with my view that enhancing the self-governing mechanisms of the corporate structure -- meaning, primarily, management and the board of directors -- is the most effective and least burdensome accountability process. Management's fundamental task, of course, is to generate the profit which is the key to the success of any corporation -- and without which no corporation can long survive. But, in an accountable corporation, management appreciates that there is no inconsistency between societally responsible behavior and corporate profitability over time. The accountable corporation is also marked by a strong, effective independent board of directors. It is a board which challenges, advises, questions, evaluates, encourages and counsels management. An effective board brings to its tasks an appreciation for the responsibilities of the corporation as a citizen in society -- and an understanding that satisfying them accords with the economic interests of the business as an ongoing enterprise.

A second level of self-regulation is the industry-wide organization. For a millenium, self-regulation has been a hallmark of the professions -- law, medicine, and, more recently, accounting. And, industry self-regulation, authorized and overseen by the government, has proved an effective accountability mechanism in much of the securities industry. Indeed, I am convinced that a legitimate industry can, and should be committed to the success of a self-regulatory system. Few industries enjoy an inelastic demand. Rather, for most, their success depends on the public's perception of their quality, credibility and service. It is the industry, itself, which, therefore, has the greatest stake in maintaining high standards. And, self-regulation tends to be a more knowledgeable and precise standard-setter. Rarely does an industry impose unreasonable burdens on itself. I recognize that this self-regulatory model would not always be available absent an exemption from the antitrust laws, but I believe that, as a viable alternative to a dangerous regulatory dependence, it merits further study and discussion.

The final potential self-regulator is the market itself. In effect, this alternative rejects the conventional wisdom that the market cannot -- or will not -- consider ethical matters. In fact, disclosure and publicity can play an important role in encouraging ethical conduct.

In 1913, Justice Brandeis described the value of disclosure in these terms:

> Publicity is justly commended as a remedy for social and industrial diseases. Sunlight is said to be the best of disinfectants; electric light the most efficient policeman.

Disclosure is so potent because in a democracy market participants, given adequate information, <u>are</u> free to respond to whatever considerations are important to them -- economic, health and safety, ethical, whatever. And, I am increasingly convinced the markets have a greater flexibility to factor in corporate accountability than conventional wisdom would have it. I believe this ethical sensitivity exists despite -- not because of -- governmental regulation. A society that does not rely on government to establish ethical standards would have an even greater interest in bringing ethical considerations to the marketplace.

I am certain, for example, that we all have had personal experiences with -- or may ourselves be -- so-called "ethical" consumers, those who may forego purchasing a particular brand or product because of the manufacturer's label, environmental, social or other practices. Moreover, a recent study by two young academics supports the contention tht the stock market -- long averred by some to be the bastion of ethical indifference -- positively values voluntary social disclosure. It draws the provocative conclusion that the "ethical investor" may, in fact, exist. While not conclusive, if this market sensitivity exists and as corporations begin -- in their own interest -- to respond to the ethical consumer and investor, there may well be the opportunity to reconsider the extent to which informed markets can serve as an alternative to conventional regulatory mechanisms.

Conclusion

In conclusion, the answer to the question of whether governmental regulation reinforces ethical postures, in my judgment, is that it does not. Indeed, regulation can, in effect, abrogate ethical responsibility. To be ethically sound, in contrast, a person or institution must have the freedom to develop, shape and respond to internal mechanisms consistent with the expectations of society, and not merely be subjected to externally-imposed directions.

At a national level, we must, therefore, systematically reevaluate the role and effects of governmental regulation, and, most importantly, develop more creative and more effective alternatives to mitigate, if not supplant, the need for more burdensome regulatory processes. We must facilitate processes which encourage societally responsible behavior, but we must not hamper the private sector in meeting its ultimate social obligations: creating goods and services jobs, and the real wealth which underwrites our ability to satisfy our social aspirations. And, most critically, we must assure a socioeconomic environment which fosters the principles of a libertarian democracy.

The task is not simple. But, understood in perspective, as a keystone to assuring the American dream, neither is it beyond the bounds of American genius. And, on the contemporary scene, there may be no challenge more urgent in its impact on our national welfare.

Thank you.