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UNITED STATES SENATOR  
MARION CHAMBER OF COMMERCE  
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I am doubly glad to be here in Marion tonight. In the first place, it is an honor to have been invited down. In the second place, it sure is nice to have an excuse to see the eastern ramparts of the Blue Ridge in the fall. I wish I could stay longer.

It so happens you've asked me to speak on one of my favorite subjects tonight, so if I get going and don't stop, somebody be sure to give me a more or less polite hint, and I'll be seated.

As you know, I am chairman of the Senate Subcommittee on Small Business. Now, I am sorry to tell you that does not put me in the position of being all-powerful when it comes to helping small business. Unfortunately, they don't give you a magic wand when you join the

Senate. All you get is one vote.

What it does mean is that I am in a position to hear some of the problems small businessmen have, and I think that is a position more senators ought to be in. The big companies, you know, are the ones who can make themselves heard above the roar, and they get more than their share of attention.

What I have heard has confirmed me in beliefs I have held for a long time -- that the troubles of small businesses in America, and the rise of economic giantism, is at least as great a tragedy as the growth of big government and the decline of state power.

There are parallels between the economic and governmental sectors of our society, at the theoretical and the practical levels. The theory is this: in government and in business, the best guarantee of

freedom is the broadest possible distribution of responsibility and power. That means power is kept as close to the people as possible, where it can be best controlled. That means responsibility for the progress of society is kept as close as possible to the grass roots, where people may see directly what their needs are, and where they may best enjoy the fruits of their labors. That means the decision-making process, in government and in the economic sphere, is carried out by a lot of people instead of a few.

Whatever takes power and lodges it with fewer and fewer big companies, or big labor unions, or big government agencies, removes the check and balance power is supposed to have.

I'm sure you are familiar with the practical results of not following this theory. What big outfits do inevitably has a great

deal more impact than it would if the decision-making process were more decentralized.

Those of you who deal with big companies know what I mean.

Decisions get made by a man in an executive suite in a skyscraper in New York, and that is a long way from where the business of selling is done. So there is a tendency to forget what goes on, and to stop valuing you as a customer.

Besides that, there is just the problem of dealing with a corporation which has really very little competition, and which may begin to feel it is beholden to no one. A businessman here in North Carolina who has sold a big corporation's products for years says that when he owes the company, the bill must be paid on the date due, without fail. But if they owe him a credit memo, he can wait six months

for it. And when he calls to complain, they laugh and say it's tough, but that's just the way they operate.

The same man says he's been selling \$50,000 worth of industrial bearings a year -- until the company discontinued his sales agreement and cut him off. \$50,000 is peanuts to them, so they did not value him as a customer. He had to sell \$350,000 a year or they didn't consider him worth dealing with.

Big government, of course, gives us the same kind of headache.

You will recall that until North Carolina pioneered in getting some state control over the Occupational Safety and Health Administration inspection programs, OSHA inspectors were judge and jury. If you couldn't properly interpret OSHA's regulations, you could be fined on the spot by an inspector. One poor woman who owned a small business

here in the state was driven to tears because she was fined for not having a closer on the screen door of her shop, and then was fined again because she subsequently installed the wrong type of closer.

That's the arrogance of concentrated power.

The effect of concentrated power on the economy is great. When labor unions hold monopolies in a given industry, their wage settlements make a rule to which there is no exception. A wage increase in the auto industry means a general price rise because there is only one source of labor. Think what a better position we would be in now if power had not become concentrated in too few hands. The price of cars would be cheaper if there were more competing automobile manufacturers on the one hand, and more competing automobile workers' unions on the other. Both sides would be a lot easier to deal with.

The small businessman in America represents the last portion of the American economy in which power and responsibility are broadly enough distributed to deserve the name "free enterprise."

The small businessman is also the traditional leader in that other side of the democratic coin -- local responsibility for the betterment of society. It has always seemed to me that as we create a society of people who, to a greater and greater extent, work for somebody else, we also create a society of people who expect somebody else to solve their problems for them. Yet the work that has been done to build this nation has mainly been done by people working at the local level for local institutions.

A small businessman in a community here in North Carolina had devoted a considerable part of his life serving his town. But when

it came time for him to step aside because of age, he found to his dismay that there were precious few people standing ready to take over. The reduction of the number of local independent businessmen was having its effect. He had already found that the local industry, which had been willing to generously support local projects financially, was no longer local. It was owned by a corporation in New York City, which claimed it simply could not contribute to the special needs of all the little towns in which it owned plants.

And now he found that the big retail outlets which had branches in town, replacing local businesses, actually discouraged management level people from taking part in local civic affairs. The manager of the discount store was required to be married to his job, and he was not to take a long lunch for the benefit of a civic club's community project.



Some large companies have realized the folly of this approach, but not enough to replace the brotherhood of local people who used to do the work.

Now, the real question I was asked to answer tonight is "What can I as a U.S. Senator, do for the small businessman?" For one thing, I have supported legislation to improve the services of the Small Business Administration. The SBA has had its troubles; but it has also made billions of dollars worth of loans and loan guarantees, and I believe it has had an impact on helping the little man, in a time when the tendency has been always to favor the big operator.

I am pleased that my bill to increase the amount of loans and loan guarantees the SBA may have outstanding has passed the Senate, and is now in the House. And I was also pleased to co-sponsor Senator

Tower's bill to establish an independent commission on small business, which would study the effects of federal law and policy on this most important aspect of our economy.

Clearly, something needs to be done along these lines, and let me throw out an idea for your reaction. Government needs to create a process for itself, without creating a huge bureaucracy, to keep a check on the practical results of legislation. You've heard of an "environmental impact statement." Well, I think we need a small business impact statement which would show up the results of a bill for the people with the least resources.

A lot of the paperwork the federal government demands can be handled routinely by big business, but amounts to harassment for small business, for which it is often not even necessary.

What use can there be in requiring a person who employs six or eight people to post on a bulletin board, once a month, a notice saying there have been no accidents -- in twenty-five categories -- in his place of business?

There are, in addition, areas the government should stay out of. The federal government now dictates what kind of toilet seat may be used in the employees' washroom. And it is now is a federal regulation that there shall be "no horseplay in the warehouse." That ought to be a matter of common sense, not federal law.

I don't think the Congress sets out to make trouble. It makes trouble because no one can really imagine what the results of a bill will be, as a practical matter, for various levels of the business community. Nor do enough people in government realize the burdens

of law are cumulative. The man who is now required to keep records of the tires he sells, by serial number, is already keeping records under various laws, going back to the Social Security Act.

There is in the House of Representatives, I understand, a proposal which would do a similar thing. It would require federal agencies to do an "impact statement" on how its proposed actions would affect competition. If we had such a system for proposed legislation, we would have been warned that the Clean Air Act of 1970 might have the effect of reducing competition in the automobile aftermarket, to the detriment of independent garage owners and parts suppliers.

Finally, if Congress is going to begin to do better by the small businessman -- and thereby the whole country -- it will have to begin to think of these things as a matter of routine procedure and

habit. What I as a Senator might be able to do about this, time will tell. But I want you to know that I am one Senator who does try to understand your problems. I do appreciate the importance of what you do for the communities in which you do business. And I know how fundamentally important that is for this nation.

I hope that's a good enough place to start. Thank you very much for listening to me tonight, and I hope to see you again real soon.