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NEWPORT, RHODE ISLAND
May 18, 1976

I want to read you something which caught my eye
several months ago and see if you agree with it. It is
taken from a guest editorial in The Wall Street Journal,
by professor Irving Kristol of New York University.

The editorial was so much in agreement with my own
view of the economic virtues of small business that I read
it into the Congressional Record. But it was this part, about
the small businessman and the political process, which set
me to wondering.

As Professor Kristol put it, ". . . a whole new class
of forgotten men has emerged. Like his counterpart of yester-
year, today's forgotten man is --- if the opinion polls are

to be believed -- a fairly respected and well-regarded citizen. No one is leading a crusade against him, and it is probable no one really wants to. He is merely being harassed, ruined, and bankrupted by a political process that takes him for granted and is utterly indifferent to his problematic condition. I refer to the small businessman.

"One may properly wonder why no greater efforts are made to protect smaller businesses from the horrendous burden which the newer regulatory agencies impose on them.... They need more time, more generous (albeit temporary) exemptions. Why don't we hear more voices, and louder ones, demanding they receive such deferential treatment?"

Now, in my opinion, this is probably more negative than

it needs to be, but there is still much truth in it, and the final question it asks is a good one.

As I see it, we have in fact heard plenty of voices demanding deferential treatment for the small businessman. But that's the problem -- that is all we have had -- voices. Voices with very little action. It has always been possible for a senator or congressman to rise on the floor and make a speech for small business. It has been next to impossible to do anything, legislatively, to really be of help to the small businessman in the area of his greatest need.

Why is this so?

For one thing, in recent years there has been a mismatch between the way the government operates and the way the small

businessman is organized for political action. That organization has been behind the times, and this is the reason.

For years, business groups have organized around industries for the purpose of political representation. There are in Washington a huge number of trade associations based on the products small businessmen sell or make -- automotive wholesalers have their association, the motel operators theirs, and so on.

This was fine as long as the government bureaucracy was also organized along such lines, and as long as legislation tended to concern itself solely with the problems of specific industries.

But this is not the case any longer. There will always be a need for trade associations, as is shown by the Federal Trade Commission's present attempt to "legislate" regulations for funeral homes. A trade association is the right spokesman for the industry in this case.

But the thrust of major legislation has changed. The problem the small businessman has with legislation nowadays is that it affects him not as a tire dealer or a florist, but as a small businessman per se. I am speaking of the tendency to meet social problems in such a way as to put the burden very heavily on the businessman, regardless of what business he is in.

Business is organized to check improper or incompetent legislation affecting its industry. It is not organized to

check legislation which has effect across the board.

The newer regulatory agencies, such as OSHA, the EPA, the EEOC and the Consumer Product Safety Commission do not regulate single industries. They regulate any and all industries.

Environmental groups, consumer protection groups -- these offer a national lobby organized precisely along the lines of present governmental philosophy. There is really no counterpart to them in the small business community.

This is the reason small businesses have had a much harder time lately. The sudden snowballing of regulations can probably be traced directly to the emergence of powerful consumer and environmental lobbies, without the check and

balance of any broadly-based lobby on the other side, with equal political power back home. Professor Kristol is right - - no one is leading a crusade against the small businessman. The crusade is against pollution, danger, and dishonesty. But where is the association, with millions of articulate and respected members, in home towns across America, who can make sure small business is not an inadvertent victim of the crusade?

So much for the bad news. The good news is that this situation will change. There have recently been some formal and informal mergers of broadly-based small business groups, not organized along industry lines. The effect has already been felt.

For example, my bill, S. 2498, which liberalized the SBA's rules for small business investment companies, passed the House by a vote of 310 to nothing. As you know this is a bill which would substantially increase the leverage for SBIC's, up to 400 percent for equity-oriented companies. Other provisions would invite greater participation of lending institutions in small business investment, would increase the importance of the SBA's Chief Counsel for Advocacy, and would help small businesses lease pollution control equipment from local governments.

I had been concerned about a threatened presidential veto of the measure, but the thumping victory for the bill in the House very much lessens the possibility for a veto. I believe you can thank the Congressman's growing awareness of the needs

and organizing power of the small businessman for that vote.

I should be able to bring the conference report of S. 2498 before the Senate this week, if the debate on our resolution to create a watchdog committee for intelligence-gathering agencies is voted on.

I might mention also that committee action on my companion bill, S. 2613, which liberalizes the financing rules for minority enterprise small business investment companies, should be forthcoming next week.

It is just too easy to be negative about the prospects for the worthwhile claims of small businessmen. Negativism is an easy cast of mind to fall into, but it is a way of looking at things which is at variance with historical fact.

The historical fact is that America solves her problems through effective political action, and always has. The problems of small business, made worse by the well-intentioned attempts of government to correct social and environmental problems, will be solved.

I have faith people in business will prevail. They are forever being painted as the victims of big government and big business, always on the verge of disappearing.

Small businesses do have their troubles -- great troubles -
- with these agents. Since the inception of Social Security, the Wage and Hour law, and Workmen's Compensation, the government has placed a cumulative burden of paperwork on businesses. That burden grows.

Small businessmen have always had trouble with big corporations which act, not like businesses, but like governments. They may, by their buying or marketing decisions, have an adverse impact on literally thousands of small businesses. It was heartbreaking for me, as chairman of the Small Business Subcommittee, to take the testimony of my friend and neighbor Jimmy Hatley.

One of North Carolina's hundreds of egg producers, Jimmy had been supplying a number of A&P stores for almost 20 years. But the big chains are changing their buying habits -- buying from a few big producers. Thus giants produce giants, and the small operator is shut out and shut down.

The economic consequences of such happenings are negative -

- more and more economic power is concentrated in fewer and fewer hands. Mistakes in management become dangerously magnified. The natural competitive restraint both on prices and labor costs is lessened, and inflation is the inevitable result. We owe it to ourselves to make sure small businesses proliferate, for I have come to the conclusion that antitrust measures alone will not be sufficient.

In spite of these problems, I have faith small businesses will not disappear. History shows they are not likely to do so.

America has for 200 years showed such a genius for self-government that we are the wonder of the earth. Again and again, we have avoided -- sometimes narrowly -- the rocks on

which nation after nation has split. The central fact of our life as a nation is cause for an optimistic frame of mind -- America is the nation which can crack a problem without cracking up.

Small businessmen have always had a hand in that genius for self-government. They have traditionally provided the leadership for local government. They will increasingly provide such leadership in Washington. They will do it because they have to.

We as a people have a stubborn streak of independence in us, and it is that which makes a person want to be his own boss in a small enterprise. The people who act on that desire are not about to be ruined by government or big business,

however callous or threatening the latter may appear.

The small businessman has -- in greater concentration
than most -- a will, a will not only to survive, but to prosper.

We are seeing, right now, that he intends to do both.