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Remarks of Senator Robert Morgan
May 4, 1978 - Hardee's Meeting
New Orleans, LA

Just aboy - Slemis
& Eastland

INTRODUCTION:

Congratulations :

Alphin Bros. - Farm boy

For - later
you

Atlanta America on plane
Blair

~~San Luis~~

I am happy to be with you today in ~~one of America's loveliest~~

and most historic cities to share some of my thoughts on the proper

and desireable relationship of business to government, and of

business people to politics and politicians.

~~Finley Peter Dunne, the Art Buchwald of an earlier age, once~~

said, "I never knew a politician to go wrong until he's been con-
taminated by contact with a businessman."

RELATIONSHIP BETWEEN BUSINESS AND GOVERNMENT:

I ~~suspect there are quite a few business people who would turn~~

~~that saying~~ around today. I would like to examine the relationship

of the public and private sectors and some legislative issues which

have recently come before Congress.

~~Richard
Stewart
Hill~~

I believe the proper and desirable relationship between
 business and government ^{is one that is} ~~to be~~ a healthy and balanced ~~one~~, a sound
 middle ground between coziness ~~and~~ confrontation.

We have had both over our history - - from the trust-busting
 of Teddy Roosevelt to the recent army of Nadar's Raiders - -
 and from the days when it was proclaimed that "what was good for
 General Motors was good for the country" - to the phenomom of
 the "revolving door" - a high-level shuttle ^{by some individuals} from influential
 positions in the government to high-paying jobs in the very indus-
 tries ^{that they} ~~the individuals~~ regulated in their public capacities.

None of these extremes produces the healthy relationship for
 which we should strive.

I believe a certain amount of creative tension can produce
 reasonable and workable solutions to problems -- solutions which

combine sensitivity to the concerns of ^{business} ~~the private sector~~ with

an appreciation of the needs of the nation as a whole. Business must not dominate government -- but neither should it be subservient to it. As with the ~~creative~~ balance our Founding Fathers attempted to strike in structuring a government of three separate branches, I believe the American free enterprise system has helped to safeguard our basic liberties, and has helped build and maintain our American way of life.

GOVERNMENT OVER-REGULATIONS:

The framers of our Constitution ~~wisely~~ feared centralization of authority. ^{in Wash.} They divided governmental power, and ~~also~~ arranged to separate the centers of political and economic power by creating a new capital in Washington away from the financial and economic center of New York, where George Washington became the first President of

the United States.

But just as that great financial center must now send its
down to Washington
 Mayor to ask the help of members of Congress, so must business
 people throughout the country now provide Washington with reams
 of information and continually turn to Washington for guidelines
 and seemingly endless rules and regulations.

Unfortunately, the byword for ~~the private sector~~ *business* is no longer
"PRODUCE" but "COMPLY."

Thus, I think it's clear the pendulum has now swung too far
 in the direction of governmental regulation. Over-regulation has
 begun to eat away at the competitive spirit. In the Banking Committee
 on which I serve in the Senate, we are constantly producing
 legislation which increases the paperwork burden of banks, increases
 costs of operation, and takes the valuable time of executives away

from more profitable and ~~socially~~ productive endeavors. I am very alarmed to hear civic minded bankers in my own State and from around the country tell me that the cost of compliance with the myriad of governmental regulations has already become a disincentive to many banks' involvement in a range of activities which would benefit our communities.

the business sector and

We have reached the point that some thoughtful observers have called our regulatory agencies a "4th branch of government." That may still be something of an exaggeration, but things are serious.

Charles Schultze, Chairman of the President's Council of Economic Advisors, notes that as late as the mid-1950's, "there were only four areas in which the federal government had a major regulatory responsibility: antitrust, financial institutions, transportation and communications. In 1976, there were 27 Federal

agencies engaged in regulating some aspect of private ^{business} activity."

I believe that

Business must publicize the hidden costs of this regulation

to the public, and ^{you} must target specific burdensome laws and regula-

tions which increase costs with little real benefit to the public.

R Entail Settlement Procedures Act

Since 1962, some 25 new federal regulatory agencies have

been created, and the employees of both, the Executive Branch and

the Congress, have grown by leaps and bounds. Government has grown

so complex that Members of Congress and the Executive Branch policy-

makers both find it difficult to get an adequate handle on policy.

One of the CZARS of Russia -- possibly a perfect example of an
absolute ruler -- ^{said} once exclaimed, "I do not rule Russia; ten

thousand clerks do!

Well, I think a lot of people in Washington could sympathize

with his frustration. We have gone a long way toward becoming a government by staff and by bureaucrats. no for
from the voters - also our removal

In the Congress, last year, some 20,000 bills were introduced.

Yet our methods of doing business remain^g akin to the 19th century.

We in the Congress could learn a good deal from sound business management.

That is part of the reason why, I believe it is important for

business people to involve themselves in politics and government.

Politics is the process by which a democracy sets priorities and

makes decisions. To ignore politics or remain indifferent to it,

is a luxury the business community can ~~ill~~ afford. no longer afford. Politics is

indeed the lifeblood of democracy. If politics appear ~~dirty and~~

business men & unattractive to civic-minded people, then democracy suffers.

Yet business participation in politics has to date been uneven.

BUSINESS PARTICIPATION:

To be sure,

~~Certainly,~~ the participation of such prestigious groups

as the Business Roundtable has made an important contribution to

the public policy process. Various national trade associations

and major corporations make their views known effectively and thus

contribute significantly to the legislative process, by what David

Rockefeller of Chase Manhattan has called, "the free trade in

ideas." I believe that a number of major corporations accept

his view that "the obligation to speak out and to attempt to

educate and persuade the people and their elected representatives

is ~~being~~ a 'first-rate responsibility' of all public-spirited

individuals and organizations."

But I am more concerned about grass-roots involvement.

It strikes me in my service on the Banking Committee that we frequently legislate with a wholly inadequate appreciation of the practical ^{effects} ~~ramifications~~ of our actions on the business community.

I believe we need more meaningful participation in the formulation of legislation from those who are involved on a day-to-day practical basis. Let me illustrate by looking at two issues which have recently come before the Congress.

THE MINIMUM WAGE:

This past October, the Congress passed the largest increase in the minimum wage ever. ~~For the first time,~~ I cast my vote against ^{it} a minimum wage bill, because the new bill will increase the wage rate by \$1.05 an hour in just three years.

Personally, I wanted to see a youth differential in the minimum wage bill. This would have allowed employers to hire

workers under 18 at 85% of the minimum wage. The student differential under the existing minimum wage, we were told during the course of the Senate debate, had created nearly 500,000 jobs at little cost to the government. On the other hand, under a recent jobs bill, we had been able to create only 350,000 jobs at a cost of \$1.3 billion. My confidence in the private sector and my disillusionment with public service jobs made the youth differential a critical provision in my mind.

Throughout discussion of this bill, only a few restaurant people contacted me about the alteration of the tip credit and I received a few letters about the youth differential from franchise operations such as Hardee's.

the bill & some about

~~On the whole, business was uninterested. The attitude was~~

~~"my workers make more than the minimum wage now, so this bill~~

*On the whole business was uninterested
why - M = McDonalds, etc*

doesn't affect me."

*or there is really little if
cents.*

~~Nothing could be more in error.~~ Every wage increase affects you. Your workers, who may receive more than the minimum wage, must purchase goods and services from businesses whose costs and prices have increased because of the upward change in the minimum wage. Inflation will inevitably be fueled by the wage rate increase.

Now I'm not ^{saying} ~~advocating~~ that businesses ~~which aren't paying~~ the ~~minimum wage~~ ^{have} should mount a high pressure campaign of opposition. But I do feel that an occasional letter of concern, sent to a Representative or Senator, would be very useful. *larkin*

LABOR LAW REFORM: ANOTHER EXAMPLE:

Let me contrast the minimum wage bill with the Labor Law Reform bill with which I am sure you are all familiar. This bill seeks to accelerate the time for union elections and grant unions

the right to come onto your premises at your expense to speak to your workers. It would also create several new penalties for violating the law. The bill has generated more mail from my home state of North Carolina than even the controversial Panama Canal treaties. Unfortunately, much of the mail was emotional and at times even threatening.

First, let me bring you up to date on the status of labor law reform. It now appears that the bill will be brought up by the Senate leadership by May 15. The vote count in the Senate is still uncertain but I am sure that it will not be as one-sided as the House vote this past fall which resulted in 257 votes for the bill and only 163 votes against.

I began to study the bill immediately after House passage. It had the President's endorsement, which implied a genuine need for

reform of our present laws. I decided, however, that I could not support the bill, and since I didn't foresee any changes forthcoming from the Labor Subcommittee that would make the bill more palatable, I stated my opposition publicly. Nevertheless, I have prepared a number of amendments to the law should the anticipated filibuster fail to ~~moderate~~^{defeat} the bill.

What has been the business reaction? Well, the Chamber of Commerce and the National Association of Manufacturers, and the Right to Work Committee and other Washington-based groups sounded the alarm, as they should have, and hundreds of business people came to Washington. Many of these citizens were coming for the First time. They were sincere and felt their interests threatened.

Dick
I am pleased to note that Richard Sherman of Hardee's also

came to see me. He had acquainted himself with the specifics of the bill and he knew my record on legislation and even how I had voted on the minimum wage just a few months before. We had a relaxed discussion of the issue and I believe that he conveyed in his easy-going style, the concern of your industry and the great importance this bill has for you.

I understand that most businessmen want to conduct their business in a free market, to compete and to succeed or fail by their own efforts. The reality, however, is that we have a large government in Washington which can no longer be ignored, and even small independent businessmen must take part and become involved. That involvement must be an ongoing interest, not just an alarmist response to one or two items.

ONE-ISSUE GROUPS:

Let me share one other concern with you. I fear that we may be witnessing a breakdown in the influence of the major political parties as vehicles for building a national consensus and for putting together a national program. This is because we are witnessing the rise of one-issue groups, groups to whom one special concern is of overriding importance.

Congress is especially vulnerable to well-organized lobbying groups. Often their influence is felt out of proportion to their real numbers in our society.

Yet at the same time, broad national concerns have no organized constituency. Any number of groups want programs which will cause our national budget deficit to soar, but where is the constituency for a balanced budget? That, like the weather, is something everybody

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talks about, but nobody seems to do very much about.

I believe business can do something about this and about other items on our national agenda. I believe business has a tremendous opportunity to help focus national attention on some of the critical issues which confront us. Let me speak of some of those issues briefly.

CIVIL SERVICE REFORM:

In the Executive Branch, the unelected employees of regulatory agencies and the Office of Management and Budget often wield more real power than elected officials. A change of administration means only a comparatively few changes in personnel through the government.

Imagine attempting to run a business without being able to fire anyone! That is basically where we are in government. Reasonable and responsible Civil Service Reform is necessary if we are to have

any hope of bringing government under rational control again.

And I believe the business community can help tremendously in that endeavor.

President Carter's Civil Service reform proposal is one of, if not the most important, bill the Administration has brought before the Congress this year. The initial reception in the Senate has been mostly favorable, but this does not mean the bill will pass. There have been seven major Civil Service reform proposals in the last thirty years, and not one has passed the Congress. One reason no such proposal has passed is the absence of an active constituency working for reform.

I am not sure I favor every single provision in this long and complex bill and I do not expect any of you to support every aspect either. Of particular concern to me are those provisions dealing

with labor-management relations within the federal government.

However, it is so important that an effective Civil Service reform

bill be passed, that we must concentrate on the areas where there

is agreement, and encourage positive action on this bill.

INFLATION AND THE BALANCED BUDGET:

Finally, I believe business can help build a constituency for responsible federal spending.

I believe we will never again achieve stable and sustainable growth without inflation until we bring federal spending under control. We are addicted to massive injections⁵ of government spending as a quick-fix to our economic problems.

Let me just try to put the size of the federal deficit into some perspective.

If you had started when Christ was born, and had spend 80 thou-

sand dollars every single day since, you still would not have spent 60 billion dollars -- the amount we are going to go in the hole this year and the next.

This year alone, interest on the national debt will be about \$40 billion. That means that out of every tax dollar you have just paid this year, you made an eight percent interest payment.

It ought to be obvious that we cannot continue forever to sustain this kind of deficit spending. No matter how you cut it, we are spending seriously beyond our means.

I have concluded that binding legislation is now necessary. I think its time Congress be foreced to raise taxes to cover every expenditure, except in time of war or severe national emergency. I was proud to be able to tell my colleagues in Washington, as I did

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this past December, that the people of North Carolina have seen fit to take the initiative and enact into our State Constitution an amendment to require that the budget of the State be kept in balance and that expenditures do not exceed receipts.

What North Carolina has written into its Constitution is a practice long forgotten in Washington. I believe it is time we jogged the national memory. Taxes must be adequate to cover expenditures. It is as simple as that.

Someone once said, if Patrick Henry thought taxation without representation was bad, he should see how bad it is with representation.

It is probably hopeless to think that politicians will never
make the difficult decisions that are necessary for long-term
economic health until the American people demand it.

~~It is probably no coincidence that politicians and public~~
part objects
figures are held in such low-esteem. They have attempted to be
all things to all people, and in the process have lost their
credibility. As someone has said, it is difficult to look up to
Harold Brown
someone who always has his ear to the ground.

Clearly, the Congress is uniquely vulnerable to pressures and
influences of special interests, indeed, of any group that can
organize and mount a lobbying effort. Everybody wants to cut
spending, but always in someone else's area. I hope business can
help in this important task.