

NATIONAL RESTAURANT ASSOCIATION  
BOARD OF DIRECTORS  
PALMER HOUSE, CHICAGO, ILLINOIS  
MAY 19, 1979

RESTAURANTS IN AMERICAN LIFE

It is a pleasure to be here in the Windy City today to discuss some issues that are important to you and many other Americans.

I am especially proud of my relationship with the National Restaurant Association. I am proud because I share many of your points of view on national issues. I also believe that you are blessed with a talented and creative staff in Washington, a staff with which I have worked closely on a number

of occasions. Most importantly, though, you are blessed with the outstanding leadership of a great North Carolinian, Thad Eure, Jr. Thad is not only a first-class businessman and civic leader, but he operates an establishment in Raleigh which prepares one of the best steaks in North Carolina, if not the nation.

The National Restaurant Association has grown in importance in Washington due to a number of factors, especially the growth of the food service industry across the U.S. The growth of your industry also has a lot to do with our affluence,

affluence that is related to a political and economic system that must encourage the meeting of human needs through the marketplace -- a system that we all must strive to preserve.

It is this free enterprise-inspired prosperity which allows people to go out and eat, and eat in almost any type of cuisine imaginable in the world. In North Carolina, we have many outstanding restaurants that we would have never dreamed of having when I grew up as a youngster in Harnett County.

Without any doubt, restaurants have become an increasingly important part of American life. They are places where people go to eat and be entertained; they are places where businessmen and women go to conduct business; and, I might add, they are places where politicians often go to mull over the issues that confront America.

While flying to Chicago, I wondered what kind of book could be written if someone were to chronicle the types and varieties of transactions that have occurred in a restaurant setting.

The NRA, from what I have gleaned from your literature, represents over 100,000 eating establishments across the nation. Putting such large numbers into perspective has always been an interesting challenge to me. In this instance, one can readily calculate that you have at least 2,000 members per state or roughly two dozen per county in a state like North Carolin. Clearly, the NRA represents a sizeable and important segment of your fine industry.

Prior to my preparation for coming to Chicago, I did not fully realize how significant the growth of the food service industry has been. It is my

understanding that your industry employs eight million people, about five percent of the U.S. workforce.

Think about that ... one in twenty workers in

America is employed by your industry.

Even more significantly, 70 percent of your workforce is female; 30 percent are teenagers and 14 percent are minority group members.

In 1978, food and beverage sales for the food service industry totalled a staggering \$97 billion dollars, a figure that is almost beyond human comprehension.

As I said early in my comments, the NRA and I have shared a number of concerns, some of which I would like to address. You are concerned about minimum wage provisions, objective labor relations, meals and beverages as a business expense, wage and price controls, the legislative veto, regulatory reform, America's energy future, among a number of other important issues.

Without question, America's energy future is the most pressing matter of the day. Unless we confront our difficulties with imagination, vigor and creativity, we are going to continue to be stymied by

the serious problems that plague us today.

While everyone knows that we have energy problems, no one really knows what the solutions are. For the past three years, Congress has debated a variety of energy bills and plans. We have debated decontrol of natural gas, energy allocation plans, and now we are soon going to debate the future of nuclear energy.

Most recently, my colleague Ted Kennedy has questioned the President's plans for decontrolling gas prices. The Senator from Massachusetts has suggested that what the President is suggesting



amounts to the worst form of rationing, rationing by the price mechanism. While Senator Kennedy has added an important dimension to this debate, I am still without answers. We need to have more gas to power America and gas companies need adequate incentive to drill for new supplies.

There are, of course, larger questions. How do we get oil and gas from OPEC countries? How do we get oil and gas from Mexico, a country with a serious trade deficit with the U.S.? For better or worse, the days when we could send in the Marines are over. We have to strive to construct sensible and lasting

relationships with these countries, relationships that address our energy needs yet fit within the context of the best foreign policy interests of the nation.

What I am saying is that there are more questions than there are answers. It is tempting, when one is in a situation such as this, to fall into what can be called the "quick-fix" trap -- a situation where one somehow believes that the answer is simple and that technology or some other mysterious force will save us.

I am afraid, though, that the situation is more

complex. But somehow I do not want to be despondent. I want to be positive and to believe that we can solve this very serious problem. There can be no doubt that we need to pursue an aggressive energy research and development program; we need to look for alternative energy sources; and we need to learn to conserve more.

The energy matter fits within a larger economic framework. We have a troubled economy. Our productivity is growing at a snail's pace. In fact, in recent years Italy and the U.S. have battled for the most dismal productivity record in the Free World.

I would like to report to you who is winning. The last time I checked, we were neck and neck.

Without question, burdensome regulations account for a good part of our productivity problem. But inadequate capital investment and sagging research in the private sector contribute just as much if not more. I am sure that the three are interrelated, that all feed off of each other.

A fair reading of the record would indicate, I strongly believe, that the President has moved directly to reduce the regulatory burden and to make

sense of the regulatory process and system. Please do not misunderstand me, many regulations are being brought forth that are cumbersome and difficult. But, for the first time in our history, positive movement is occurring to address these problems. And more importantly, political leaders of all ideological persuasions are insisting that all the costs, as well as the benefits, of regulations be discussed before regulations are made final. Also, there is growing interest in reviewing existing regulations, to apply the same standards.

Now, I do not want to be misunderstood. There has never been a regulation drafted that did not have

a constituency. I simply do not believe the mythology that Washington is a town of bureaucrats that sit around and dream up new regulations. Regulations are pushed by different people, different interest groups. The really new dimension to this issue is that the American people are now aware of the process and are insisting upon full analysis of the costs as well as the benefits.

Another economic issue of growing importance is the minimum wage controversy. The simple facts of the matter are that teenage unemployment is growing by astronomical proportions. The issue, then is

whether today's youth will have an opportunity to work, to earn money, to establish bank accounts for college and the future, and, most importantly, develop some sense of the work ethic that has made America strong.

I have talked with a number of employers in a variety of industries that say that they simply will not employ youngsters at today's minimum wage rate of \$2.65 per hour. Their point of view is that they simply do not believe that many teenagers are worth that much money. Perhaps the hardest hit are the black youngsters, as we can see from teenage unemployment rates of 50 percent or more in cities

such as Chicago, Los Angeles, Detroit or Philadelphia. As a result, black political leaders are reassessing their stands on this matter. The prognosis for postponing minimum wage increases, at least for the young, is growing, but I believe that it is too early to make a final judgment.

Labor law reform, I am pleased to say, appears to be dead and buried. I played a small role in this issue last year, a role that I was deeply proud of, and I do not believe that the issue will come up again in this Congress.



Likewise, there appears to be no pressing interest in the so-called two-martini lunch question. I do not sit on the Finance Committee, which decides these questions, but I do believe that we will continue to have a tax code which recognizes business lunches as a reasonable and proper tax-related expense.

Finally, another issue without much vitality is the question of wage-and-price controls. Almost every economist of worth recognizes that the Nixon-Era controls did not work. Basically, controls will cause dislocations in the economy because such regulatory actions cannot take into consideration shifts to

substitutes or structural changes in supply and demand patterns. That is an economist's way of saying that controls are unworkable.

Rather than controls, our government has to confront inflation in other ways. Three ways that would offer some relief include the following:

First: Restoration of some sense of fiscal sanity. I firmly believe that our federal government should have expenses in line with revenues. I have supported a Constitutional amendment to require a balanced budget long before such action was politically

popular. There is no question that deficit spending contributes to inflation although I also believe that other factors contribute as much to the rate of inflation.

Second: Eliminate and modify as many regulations as possible. I think that I have discussed this issue to a large degree earlier in my comments.

Third: We need to export more. When we have a balance of payments deficit, the cost of imports will rise. Since our economy is import prone, there is an obvious effect. Since we are an inter-dependent

world, we cannot afford to clamp down and become protectionist. Rather, we must seek to export as much as we possibly can.

If we accomplish the above three objectives, we will have come a long way toward reducing inflation. There are serious material and labor shortages in our economy, shortages that will not be met overnight. But these problems, problems best solved by a free and vigorous economy, should not be excuses for inaction where government has a proper role.

I have enjoyed the opportunity to be here this

morning, to discuss some of these matters with you.

No one has all of the answers to these pressing problems. But I, for one, refuse to bury, like an ostrich, my head in the sand. I will keep pressing and I hope that you will join me in my search.

I thank you for allowing me this opportunity.