

LITTON INDUSTRIES NEWS BUREAU

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FOR RELEASE
Sunday, February 24

Sen. Hubert Humphrey of Minnesota was keynote speaker at a symposium held Saturday, February 23, in Woodland Hills, Calif., by Litton Industries to help bring about closer relations between small business and large industries such as Litton.

In a speech titled "Small Business: Is It Here to Stay?" Humphrey, ranking member of the Senate Small Business Committee, said: "The 100 largest companies, despite their massive size, account for only 10 per cent of the sales of all industrial, commercial and agricultural enterprises. And, surprisingly, the total share of 'big business' in our economy does not appear to be increasing over the long haul.

"We have almost 5 million business firms with paid employees. If we count farms, we have about 9 million sole proprietors and over 2 million partners.

"We have, in short, a pluralistic economy."

Sen. Humphrey said that small business is going to be significant in the future American economy only if we decide as a nation to take the necessary steps to keep small business alive and healthy.

"Corporations which, like Litton Industries, have a deliberate policy of fostering small business, make an enormous contribution to the total task of maintaining this pluralistic economy."

Other speakers on the all-day symposium were Charles B. Thornton, Litton Industries board chairman; George T. Scharffenberger, Litton Industries senior vice-president; Victor F. Pastushin, president, Pastushin Industries, Los Angeles; and Capt. Ray W. Cope, officer in charge of the Navy Purchasing Office in Los Angeles.

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In his talk on "Why Litton Buys From Small Businesses," Scharffenberger pointed out that despite its growth Litton has continued its loyalty to small business, "contrary to the normal practices of companies when they grow from small businesses to major industries."

Citing as examples the two major Litton Industries divisions in the Woodland Hills area, Scharffenberger said:

"Of our 3500 suppliers, more than 75 per cent are classified as small businesses. We made a recent survey and found that 65 per cent of our procurements in excess of \$10,000 were awarded to small concerns....

"Five years ago the two divisions were subcontracting a little more than \$4 million, of which 68 per cent went to small business. As the dollar value of our subcontracting climbed steadily, the share given small businesses rose in proportion. Last year we awarded \$41,475,000 in contracts, of which 62 per cent went to small businesses."

Pastushin, who represented small business on the program, spoke on "The Needs of Small Business in the U.S.". Cope's talk was on "The Military Interest in the Small Business Administration."

In his luncheon address Thornton spoke on "Litton -- World Wide," detailing global operations of Litton and its growth since it was a small business.

An informal panel discussion in the afternoon discussed the problems of small business. Chairman was Neal D. Peterson, counsel to the U.S. Senate Select Committee on Small Business. Appearing on the panel were ~~Harry Horowitz,~~ ~~Electrominiatures Corp.,~~ South Hackensack, N.J.; Eugene Kelesh, Washington Scientific Industries Inc., Minneapolis, Minn.; Wendell Brown, Standard Supply Co., Salt Lake City, Utah; Gordon Grein, Precision Sheetmetal Inc., Los Angeles, Calif.; Donald Duncan, Duncan Electronics, Anaheim, Calif.; and James Schaeffer, Viking, Inc., Canoga Park, Calif.

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Roy Asch

George Scharffenberger
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SMALL BUSINESS: IS IT HERE TO STAY?

U.S. Navy
Small Business Administration

Address by Senator Hubert H. Humphrey
Saturday, February 23, 1963
Beverly Hills, California
Litton Industries Small Business Conference

Small Bus Symposium

Mayor
Gorty
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@ Engle

Coming from a small business family and still the
head of a family drug store in South Dakota, I suppose
that I am open to the charge that I have an emotional
commitment to the small business man. I admit it. But
I also am convinced after a good many years of thought,
~~and~~ study and work at the Washington level that the
existence of a healthy small business sector in the
American economy is very much in the national interest.

The question is: Is small business going to be
significant in the future American economy?

My answer is: yes---but only if we decide as a
nation to take the necessary steps to keep small busi-
ness alive and healthy.

Let's take a look at the broad pattern of the American economy today. How much "free" enterprise, and how much of a free market do we actually have? What do we see? First of all, there is a group of giant industries. In many of the older industries of the country, the older technologies, we have something that might be called an oligopoly---with the power concentrated in a very few great corporations. In the new technologies, we see a fierce competitive struggle, a surging pattern of growth in such industries as the electronics industry. *+ the Petro-Chemical*
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We see whole industries---communications, utilities, and transport---completely outside a free market system, as they have been for half a century. We see the Federal Government itself with its huge programs of research, development, and purchasing---with one department alone, the Department of Defense, accounting for almost ten *10%* per cent of the gross national product. We see govern-

mental decisions dominating the new technologies and
the industries dependent upon the new technologies.
or complementary to

Yet, we also have a vast number of small businesses, *Partnerships*
Small corporations cooperatives, and individual entrepreneurs of various
kinds. The hundred largest industrial companies, des-
pite their massive size, account for only ten per cent
of the sales of all industrial, commercial, and agri-
cultural enterprises. And surprisingly, the total share
of "big business" in our economy does not appear to
be increasing over the long haul.

We have almost 5 million American business firms
with paid employees. If we count farms, we have about
9 million sole proprietors and over 2 million partners.

We have, in short, a pluralistic *mixed* economy.

It is my position that we have this pluralistic
economy primarily because the federal government has

(X)
Vital
force

for three generations followed a deliberate national
policy of fostering at least a variety of free market, *by*
~~has~~ *ing* encouraged opportunity and ~~has~~ *ing* stimulated competi-
tion. Yet, I wish to emphasize that the Federal Govern-
ment could not impose these conditions of pluralism
and competition. It has been aided by that business
leadership outside the government which takes an enlightened
view of the economy and which recognizes that ~~a truly~~ *unrestricted*
free market, left to itself, is self-destructive. Such *enlightened*
business leaders know that the ^{the} law of the jungle applied
to an economy can ultimately result in only two possible
conditions---either an oligopoly, in which the ^{economic} decisions
are made by a small handful of corporation executives,
or a state-controlled ^{owned} economy in which all of the deci-
sions are made by another handful of men---this time
government executives. Enlightened business management

in this country recognizes that both private and governmental action is required if a nation is not to wind up in either the camp of the oligarchy or the camp of the political ^{Commissioner} ~~dictator~~.

Corporations which, like Litton Industries, have a deliberate policy of fostering small business, make an enormous contribution to the total task of maintaining this ^{Competitive} ~~plurilistic~~ economy. Their policies supplement the policies of the government which were established with the Sherman and Clayton and ^{Robinson} Patman Acts and carried out through the Federal Trade Commission, the Antitrust Division of the Department of Justice, the Small Business Administration, and the other divisions of government which are designed to limit corporate power, and ultimately to provide the widest range of options and choices to the American citizen.

"Pro-Competition"

Am not Anti-Business -
and Big Business is not Bad "

- Tax Policies
- Research & Develop
- Credit

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Big Business
not Bad -
necessary!

Now what possible value does small business have for the nation? Isn't big business a good deal more efficient? Doesn't big business by and large tend to provide goods and services to consumers at a reasonable cost and yet good quality? The answer is yes, in some cases big business is more efficient---but not always. Sometimes efficiency is easier for a small business in certain products and in certain lines of endeavor.

It is noteworthy, I think, that the ^{american} family farm operation has been demonstrated ^{to} ~~throughout~~ the world to be superior to either corporate farming or to state-owned farming. Efficiency sometimes comes in small packages.

The other answer to the question is that without the competition from small or medium-sized business striving to grow larger, "Big business" would---on the basis of historical evidence---tend to stratification,

Big business
needed
for
organizing

Agric

encrustation, decay of management, and ultimately to
inefficiency and poor quality of product,

I have two primary objectives in supporting the health and welfare of small business. First, I want to keep open the channels for economic initiative, dissent, imagination, and growth. Second, I want to provide the economic options for individual Americans which underlie genuine political freedom.

I should not like to see the day that a man of drive and initiative is forced ^{to have only} ~~to make~~ a choice to work either for the government or a great corporation.

Working for the government or for a great corporation can be tremendously satisfying, but I think that is too narrow a choice to offer our children.

I am convinced that political freedom requires ^{choices} ~~options~~ not only in the political arena, but in the economic, as well.

This is
the Safe Guard
of Freedom

In short, a thriving ^{Independent} small business ^{Community} keeps the

economic pot stirred up and bubbling, it provides a choice for enterprising individuals, and it makes a positive contribution to economic efficiency and political freedom.

Big business is here to stay.

Big labor is here to stay.

Big government is here to stay.

Whether small business is here to stay will depend on how strongly the leadership of big business, big labor, and big government feel that small business is vital to the national interest.

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The most successful method of Preventing Monopoly has been and continues to be the growth of markets - Research technology and steady encouragement to Smaller Business



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