

AN ADDRESS

by

SENATOR HUBERT H. HUMPHREY

before the

NATIONAL ADVISORY COUNCIL

of the

SMALL BUSINESS ADMINISTRATION

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I have been hearing that you have had several spokesmen here giving their different points of view on the role of the Small Business Administration in the American economy and in our government, and I also understand that you have discussed in some detail the work of your Agency. These meetings are very helpful and I believe you are to be commended for inviting in some outsiders because it is out of this refiner's fire of cross-examination of what you are doing and what you plan on doing and what you have done that you make a better Agency and a better program.

This morning, we had breakfast at the White House. It is a very interesting experience. We had a long meeting today discussing international affairs in some detail, the President's poverty program, in which this Agency plays a significant role, the federal pay bill, the food stamp plan, and the foreign aid program. I want you to know the President of the United States is a man of action, and he is a man who not only requests action, he demands it. On each of these Tuesday mornings, we gather together to go over the entire agenda of public business and we never miss a minute. As a matter of fact, it is a test of your timing whether you can respond between sips of coffee, but I told the President that it was my plan to be with you this morning. President Johnson is

one of the most competent public servants who ever served this nation and one of the most experienced and qualified. He has demanded frugality and economy, and he has required of you performance and excellence.

I just want to spend a moment on that word "excellence". Anybody can get by, and there is a tendency for it in the hurly-burly rush of the day to get by. I have to tell my sons when they come home with those rather mediocre grades, "Unimpressive. Anybody can do that and if you do not do better than anybody, then you do not even need to bring them home."

We require something better than just getting by. This country has to have something better than just getting by. When I hear of the problems that come to the President's desk, it does not mean that we are just supposed to be sort of a strong country, or that we are just doing fairly well, or that our military establishment is reasonably modern and effective. All of that spells defeat. What you have to have is what the astronaut has created in a language all of his own. You never heard an astronaut, you did not hear John Glenn or Alan Sheppard, or any of those other men get up there and say, "Well, we're doing all right. Seems like things are functioning fairly well." If that is the case, they would never have gone into orbit and they never would have come out. What they do say when they get up there and take off is, "A-okay." Not "okay", but "A-okay" - meaning the best, perfect, functioning perfectly. The American government today and the American economy has to do better than just get by. Every time we have something that just gets by, we have malfunction. Every time we have an agency of the government that is just going along, we have waste. Every time we have personnel that are only doing their ordinary job, we have waste. The other day, one of my colleagues in the Senate was sitting with his pretty little wife, and he said to me, "Senator, I hope that we're not going to have to stay in this weekend. I have plans to be with my wife and boys." I looked at him and said, "Well, my dear friend, I've got news for you. I don't think you are going to like it too

well, but I want to share an intimate observation that I made a long time ago. You have got to make up your mind whether you want to be a good Senator or a good husband. You can't be both." It sounds somewhat facetious, and it is humorous, but it is sadly true. You have to give of yourself and you really do in any of these positions in public life and you have to if you run a large business. You have to if you are in charge of a large organization, whether it is the presidency of a fraternity, or a chairman of a local lodge, or a head of a union, or a member of the farmer's union or the Farm Bureau, you have got to give of yourself. If you do not start to do that, you can just mark it down that the organization will drift without any program and without any purpose. In ordinary days, you can get by. But these are not ordinary days. As a matter of fact, there isn't anything ordinary about anything that happens anytime. I was just going down the street here the other day, and buildings were being torn down that were better than most people live in. If these were ordinary days, nobody would do that. These are extraordinary days and they are going to be extraordinary days - they are going to be extraordinarily bad or extraordinarily good. I heard some extraordinarily bad information this morning about Viet Nam, Laos, and Cambodia - enough to make you sick. These situations require extraordinary effort and statesmanship to be able to rescue the situation and save ourselves and our commitment. I know of no better way to explain what we are seeking to do than this: anybody can do the possible, but the people who are remembered are the ones who do the impossible.

Now, having said that, how does it relate to this Agency? Well, we are in a very dynamic situation. The tendency is for growth in America, but there are several kinds of growth. There is the growth by which some individuals and companies just grow bigger and bigger and others are devoured in the process. Or you can have growth of the total base of the economy. I happen to believe in growth. I believe that people ought to grow intellectually, spiritually, and physically. I believe they ought to live. I think a man ought to try to make his

life as lively and as full as he can. I have always worked on the proposition that you are not going to live very long anyway - you might as well live it as best you can while you are doing it. I think our nation has to have as its philosophy that we have to be growing, expanding and improving - not just growing but improving. The reason for it is very simple. We have tremendous burdens - the burden of leadership. Leadership is a burden; it is also a privilege. I would not have been at the White House this morning unless I were one of the so-called Senate leaders. The President does not invite the whole Congress over for breakfast every Tuesday morning. He does not have us over there a half a dozen times a week - not the entire Congress. Some of us have been designated by our associates as their leaders. Now, if you want to, you can play this role of leadership for awhile and just have your car and your driver and all the emoluments of office, and it is just fine - until they catch up with you - until they find out that you are really doing nothing. The role of leadership is not merely a privilege; it is a burden. And, therefore, if you want to be a leader, you have to take on extra duties. You have to expect to do better. You have to expect to be criticized. You have to expect to be analyzed. And then you have to get satisfaction yourself out of what you are doing, knowing that what you are doing is really a contribution to the common or public welfare.

Our country has this burden of leadership. It also has the privilege of leadership. Everywhere in the world, people speak of the United States as a world power - as a world leader. And we have many people in Congress who want to talk about ourselves just being leaders. But they do not want to pay the bill for foreign aid. They do not want to pay the bill for mutual security. They do not want to pay the bill in terms of foreign trade and trade policies - because all of these are the burdens. But we have to pay that bill or give up. And in order to be able to take on the burdens of leadership, we need a strong economy. I mean a strong economy politically, a strong economy economically, and a strong economy

in terms of social justice. Throughout the world, most people do not have very much, and what they are seeking, above all, is some modicum of justice, some degree of hope that things will be better. I happen to believe in private property. I think that private property adds a great deal to a person's personality, his individuality. I think it is a contribution to what we call "human dignity." The big struggle in the world today is over this issue of human dignity. That is what the civil rights fight is about. That is what the fight is over with the communists. One of the things that detracts from the dignity of people living under communistic rule is their economic, political and moral system, or rather amoral system. People lose their sense of individuality in their collectivism. They lost this sense of human dignity in their statism. What we are seeking to do is not merely enunciate political philosophy of freedom, individualism and liberty, but we are seeking to build a system that is tangible, that is understandable, that is visible, that is viable, wherein human dignity becomes something more than a philosophical discussion and something more than just an expression of words. Private property, ownership, participation in the management of that property, adding to that property - this is a part of human dignity. That is, it increases human dignity if that property is not used to debase others, if it is not used in the spirit of license, but rather used to enhance and expand opportunity, and if it not only performs a profit function, but also, you might say, a social service - something useful and needed and helpful to the people and the economy.

Now, here is how the Small Business Administration fits in. The SBA has as one of its responsibilities and privileges the extension of credit as well as management assistance, advice and counsel to thousands and thousands of firms and men and small corporations and partnerships, so that the base of this economy is expanded, so that the meaning of private enterprise is much more meaningful, so that private property is a reality and not just a promise. I think that when you start

to see how you fit into the scheme of things - into our so-called way of life - or into our social, politico-economic structure, then your work takes on added significance. I am one of those who believes that when people have a stake in a community, they are better participants and better citizens. I have this same belief about politics. If you can get a man to contribute a dollar or five dollars or ten dollars or one-hundred dollars, he is most interested in your candidacy. He is more interested in your party and he is more interested in your program. I would rather have 1,000 people contributing ten dollars apiece in order to get \$10,000, than ten people contributing \$1,000 apiece. I would rather have both. But, if I had to make the choice, I would rather have the larger number of participants, because then more people are interested. More people have a stake in the outcome. They are a part of the total operation, and this is in essence what we are talking about regarding small business. America is not just big business (and may I say that I don't think all big business is bad by any means - I think that we need big business - it is a part of our total industrial and economic structure). You do not have to be anti big-business to be pro small-business or independent business. You do not always have to choose up sides. We need all kinds of people, all forms of structure. But what we ought to be trying to do is not merely, as some people would, fight big business, but promote small business. And, that is what SBA is trying to do. And I want to compliment you for what you are doing. You are working with the private banking structure. There is not any reason for government to have a knock-down, drag-out fight with the rest of the economy. That is old-fashioned depression politics. What we need, above all, is responsible cooperation. What President Johnson is seeking to do, and I think most effectively, is to give the American business community the feeling that the government is not out to harass them, but is out to work with private economy, asking that private economy be respectful and responsible to public need and to

public and private honor. This new attitude, so well expressed by President Johnson, is beginning to take hold, and it is no amazement to me that many a businessman is saying, "I like President Johnson." It is not because President Johnson is going to give the country over to the corporations; it is because he has understood clearly that the government of the United States is only a part of our total strength - that if you want a strong America, you need a government and you need labor and you need business and you need agriculture and the professions and education, all working as a team. You need to have the government set some standards and encourage law observance rather than always relying on law enforcement. The law enforcement, the club and the stick, is to be used sparingly. What we seek to do is to promote an attitude in America of people trying to do the best they can, because they want to do it, because they see the rewards, because it becomes a matter of public duty and of public honor. Those are my philosophical views about the role of government in business.

By the way, this Administration has done a great deal for business. When I get out in the political hustings, I do not mind telling people that there has never been a more friendly Administration to American enterprise than the Kennedy-Johnson Administration. For example, under President Kennedy, new, more liberal depreciation guidelines and depreciation credits were put into effect. I worked with the Treasury Department on this. I was concerned about the problems of the steel industry, iron ore mining and refining, the taconite industry, and about modernization of plants. Our country wants to be competitive, internationally and domestically. I voted for depreciation credit and worked for it. Some people did not. I came to the conclusion that we need investment in America to make jobs. This does not mean that you need no public works. Some people always want to choose up sides and say, "I'm a hundred percent investment men, against all forms of public activities." Well, now, that's just ridiculous. Most patients would

die in a hospital if the doctor only prescribed one pill. You have to balance it off. And as an old pharmacist, I know that you make many a compound to reduce the toxicity. In other words, you make drugs so they can be assimilated, so that they do their jobs effectively. So I voted for the investment tax credit, and at the same time, I promoted accelerated public works, manpower training and retraining, vocational education, technical education, and research and development. The new wealth in America is out of research and development, a wealth much greater than that in Fort Knox, much better than a gold mine, much richer than uranium or plutonium - research and development. You can trace the development of this economy by following the research and development dollar. Where that goes is where the new wealth is. Research and development means education, and education is power. You can trace the development of any part of America by the number of Doctors of Philosophy that it educates and trains and the number that it keeps. Some areas have been exporting Ph. D.s to other sections of the country. Therefore, investments in universities, investments in colleges, investments in high-schools, public and private, investments in elementary education, by business, is the smartest business investment you can make. The American businessman ought to be the leader for education. He should not have to be pulled along. He ought to be down here in Washington, literally with picket signs, demanding that the federal government do more for higher education, and for elementary and secondary education, because education is ultimately the wealth of this country. He ought to be down here trying to coordinate, more than ever, research and development, bringing in the civilian aspects of R & D. I think those of us in the Small Business Administration and those of us who are interested in it, ought to be spreading that message. You can say this very candidly - you can give credit, all kinds of credit, to a firm that is experienced in the past and is coming up against the future, but knows nothing about the future, and that firm is a poor credit risk. It is the man who looks down the road, the one who has some appreciation of what is tak-

ing place in technology, what is taking place in science, what is taking place in merchandising, what is taking place in methods of distribution, what is taking place in packaging - this man is the real good economic credit risk. In addition, there is something my father taught me a long time ago. There is no better credit criterion than character. I was brought up that way and we were talking about it out here in the anteroom just before we came in. I was speaking with Mrs. Hoffman, a very illustrious and distinguished lady, the daughter of the founder of the Bank of America. That Bank was founded on that principle and my father taught that to his family, too. I will never forget in the hard days of the depression, my father went to McKesson Minneapolis Drug and we didn't have any collateral. All we had were debts. All we had were unpaid taxes. But we had one thing in our favor - my father's reputation and his hard work. I will never forget my father receiving credit and help from that company, and not on the basis of business being good because business was terrible. There wasn't one chance in a hundred that it was going to improve in the foreseeable future. They took a chance, and as a result of it, they received hundreds of thousands of dollars of profit, because when my father passed away, he left it in his will that his boys, who operated that store, were supposed to see to it that that company received the lion's share of the business. Character - that is something which sort of escapes some of us lately. Returning to the topic of the international scene we were discussing earlier, you can have all the agreements in the world, but if nobody wants to keep them, the agreements do not mean one thing. If the man who signs the agreement is worthless, if he is the sort of a person who cannot keep his word, will not keep his word, then it is nothing but a scrap of paper. The same thing is true, in a sense, of a legal binding contract, because there are a lot of people who know how to get out of contracts, internationally and domestically.

I would like to say one other thing to you advisers. I wish that when you advise, you would be imaginative, and you most likely are. Figure out new

ways of doing a better job. Your group undoubtedly has cooperated and aided Mr. Foley in the amazing new programs in Harlem and Philadelphia, administered by the SBA. You know, the civil rights bill is not going to solve our problems. I know that. But without it, we will have problems that are beyond solution. The civil rights bill is step number one in solving the basic human relations, race relations, civil rights problem. It provides a framework of law within which men of intelligence, of reason, and of understanding can work out their problems. But then after we have that much done, we've got this massive problem of education, and respect for human dignity and of financing and of training and of upgrading - and that is going to be the big work for the next twenty years. We are going to pass a civil rights bill in the United States Senate in the next twenty days. But you are going to have to be at the job of trying to make it possible for people to be full participants in and exercising the privileges and responsibilities of full citizenship. Maybe after twenty years, we will have answered some of those problems. The beginning on it is important. John Kennedy said, "Let us begin." And the difference between a conservative and a liberal, to use two old hackneyed words, is the difference between the man who says, "Let us begin" and the fellow who says, "Wait a minute", or "Not now." And that is what we were going through for a long period. "Go slow." "Take another look." "Hold back." "It's a good idea, but not now." That is a conservative. The progressive is the man who says, "Take a good look at what you have, where you have been, take a look at where you want to go - and take a chance and let's go." That is a man who is prudent, but also who has a sense of adventure. When America loses its sense of adventure, our country is through. If we are not the true writers of the history of adventure, we are going to lose our place in history. So, I encourage the business people who are here, and you represent an awful lot of power, you know, I encourage you to bestir yourselves, be adventuresome, be prudent but be adventuresome. Come up with some new ideas. Don't rely upon your Administrator or upon his built-in staff. You

have some ideas from back home. Bring them down here. Talk about them. Sell them, and if it is a good idea to you, it is maybe a good idea. Fight for a good idea. I have seen too often in Congress, a man who has a good idea and somebody says 'no good' and he quits. The only way you pass anything in Congress is to be persistent - even stubbornly so - even sometimes obnoxiously so. And the only way you can make a good idea go to work is to believe in it yourself.

Thank you very much.

Spfile!

AMERICAN IDEALS AND SELF-INTEREST IN FOREIGN AID

(For 12th Anniversary Meeting: National Conference On International Economic and Social Development) May 27-28, 1964

HHH.

Last year at this ~~year's~~ Conference, I reported that ~~the~~ public opinion polls showed ~~that~~ the American people generally supported our foreign aid programs. Indeed the opinion polls showed ~~that~~ the people were often ahead of the Congress. In ~~light~~ of what happened in the Senate last Fall when it took up the Foreign Aid Bill, one might say that for the people to be ahead of the Senate was no great feat. This year I trust the Senate will catch up with the people ~~it is supposed to be~~ and while exercising its proper function of criticism, will also be constructive. President Johnson has sent a 3.4 billion dollar request to ~~the~~ Congress. ~~In deference to all legitimate desire for economy, he has sent to the~~ ~~the~~ the smallest request for Foreign Aid since it began. ~~In deference~~ With a sense of responsibility for need, he has sent a minimum that should be passed. *I believe Congress will act on this Request in a constructive manner.*

The people have supported Foreign Aid for different reasons. ~~For~~ some, Foreign Aid is an expression of American idealism, charity, ~~and~~ willingness to help less fortunate people, ~~and a general response to need.~~ One of the outstanding hallmarks of America is generosity and compassion. America has never been isolationist on these matters.

(Other Americans, not necessarily less idealistic, think first in terms of the self-interest of America. If we want to do business in the world and sell to it, we had better put the potential customer in a ^{good} position to buy.

(Actually the two motivations--American idealism and self-interest--are not mutually exclusive. They merge, as the theme of this Conference suggests, and if one pushes either motivation to a logical development, it leads to and includes the other.

With his customary gift for thinking in direct human terms, and the significance of people over statistics or dollars, President Johnson went to the heart of the matter ~~on~~ last April 21. This was in his address to the Editors and Broadcasters in the Rose Garden at the White House. He linked our war on poverty in America with the same kind of war around the world in which we must also "do our share". We are engaged in both for two reasons:

First, because we now have the ways and means to do something about it. For the first time in history, we have the technology, the skill and the abilities, to overcome poverty. Since we can do something about it, we have no alternative to doing ~~it~~ ^{it}. Our ideals, our "Christian duty", the pretensions of our responsibilities, require us to help produce enough food, clothing, and shelter for all mankind.

Secondly, we know we live now in a "single world community". The fate of others "will ultimately affect our own future and our own prospects."

The President was clear and concrete: "On three continents, in dozens of countries, hundreds of millions of people struggle to exist on incomes of little more than a dollar a week". Or to take another view, 190 ~~plus~~ million Americans average \$200 per month income, while two thirds of the world and several billion people have less than \$8 per month.

The conditions are not new for most of the people in the world. Poverty, hunger and disease are as old as man. But ^{the} power to do something about it is new. Therefore there are new hopes and new expectations. As ^{the late} ~~our last~~ President Kennedy said, if a peaceful revolution is impossible ~~now~~, a violent one will be inevitable.

The Western nations are extremely affluent. It took us a long time to become that way. We have worked hard to achieve it. But ~~likewise~~ history was kind to us in permitting us to have the time to get through our Industrial Revolution when our population was small and when the ratio of people to the land was favorable.

This decade of the sixties has been called the "Development Decade" for the underdeveloped nations in the United Nations. The goal has been a 5% per

annual

~~annual~~ increase in per capita income. It is pitifully modest. In the first place

it takes $2\frac{1}{2}\%$ of all the capital increase they can make just to take care of

expanding population. Their goal is either not enough or it will have to be

achieved at the cost of tightening the belt on services to people ~~with consequent~~

and this carries

with it

severe political risks. Further, even at this rate, it will take 80 years for

some countries to catch up to ^{where} ~~to~~ Western Europe is now, and 120 years to catch up

to the U.S. For some of the peripheral countries it will take them 200 years to

catch up. That is asking for a lot of patience.

As President Johnson noted, we are outnumbered in the world 17 to 1, in population, in area, in race, in religion, in color. "You take any criteria, and measure yourself by that standard, and you will find that we are in a very small minority". . . "The shrinking distances, the ready access to information, have made these ~~people~~ folks aware that a better life may be within their grasp, and a better life is possible. . . They know now that depression and despair are not the ordained lot of man." *They are not going to wait.*

Criticism of Foreign Aid sometimes attacks the validity of the concept.

Sometimes it attacks execution. I believe that criticism of the validity of

Foreign Aid, has been answered by President Johnson, beyond the capacity to refute.

Criticism of execution may be welcomed always--if it is constructive. We should

never get beyond the capacity to absorb new ideas. But with the leadership of both President Kennedy and President Johnson and with the able direction of David Bell our foreign aid program has been vastly improved in recent years. We have taken the measure of the problem, of the widely varying conditions in different countries, of the special predicaments and cruel choices facing many peoples as they face unfavorable trade situations, rising populations, the difficulties of modernizing agriculture or achieving industrialization.

We do not have the ~~simplicities of condition~~ ^{simple conditions} which the Marshall Plan solved. There we had only to help restore an industrial plant, put an economy back on its feet, give a short-term lift. Now we face an entirely different kind of situation.

But we have begun ~~to get the problem moving~~. As Al Smith used to say, let us "read the record". It will stand up.

Nearly 1000 credit unions with more than 200 thousand members in Latin America have over \$8 million in savings. By 1970 Latin America will have 3,000 credit unions with more than a million members and \$34 million in mobilized savings.

Cooperatives are growing steadily in agricultural credit, marketing, housing, electric power, and savings and loan associations. Ninety-three major cooperative assistance programs are underway in 48 countries.

(Seventy-two American colleges and universities from 32 states are playing a key role in our foreign aid program by providing technical assistance in 40 countries.

(State and local participation in the Alliance for Progress is a most encouraging development. These committees are genuine "grassroots partners in the Alliance" giving a wide variety of direct assistance. From sewing machines for an orphan's home, to scholarships; from advisory help on community development to investment surveys, foreign aid is becoming a national "people to people" program involving many institutions and organizations in American society.

(There is more selectivity now in our foreign aid program--selectivity of nations and of projects. There is an increasing use of other government agencies than AID. The privately organized Executive Service Corps holds much promise of bringing important help to a desperately needed problem--the shortage of trained manpower. We have only made a dent in housing problems, but we have made a dent in Latin America.

(There are other promising ideas for consideration: tax incentives for American business to work in underdeveloped countries, and perhaps guarantees for private investment up to a significant amount for approved projects. There is no lid on any constructive new ideas, which if they are sound, can be

accommodated in the present organizational structure for the administration of foreign aid.

I believe the American people want better foreign aid, not less foreign aid. Our present program is economical, efficient, and prudent. It is making progress. Its stress on self-help in the developing nations, on political responsibility, on reform, is taking hold. Of course there will be difficult times in many places. There will be some set-backs. Patience, forbearance, and statesmanship will be required both on our part and on the part of the nations we seek to help.

But ~~at the present~~ it is no time to put on the brakes when one is going uphill. If there is ever to be a fulfillment of our native idealism; if there is ever to be a community of free nations in which no one needs to get buried; if there is ever to be a healing of the festering sores of revolution, there is no recourse for America but to devote its genius to the task, of helping others to help themselves.

If we do fulfil our responsibilities here, then as President Johnson said, "America will not only continue to be the leader of the world, but we will be justified in being the leader of the world".



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