

REMARKS BY SENATOR HUBERT H. HUMPHREY

70th ANNUAL CONVENTION OF THE
NATIONAL ELECTRICAL CONTRACTORS

Las Vegas, Nevada

October 25, 1971

I am honored and pleased to have this opportunity to address the National Electrical Contractors Association.

This is a very important year for all of you because you are celebrating 70 years of progress and achievement as an organization vitally concerned about the future of the electrical construction industry.

Throughout this century electrical contractors have been at the forefront of building a better America and meeting the needs of our rapidly growing nation.

Today as you meet to think about the past and to wonder where you are going in the future, it is difficult to escape the enormous burden of the present.

And part of the burden that weighs on all of us at the moment is the important question: How do we get America back on the road to prosperity without inflation?

This is the challenge of today and tomorrow.

All of us have a great stake in solving this problem.

Businesses, homes and the work of a lifetime may depend on this nation's ability to overcome our economic crisis.

Where are we today? The scorecard is not a pleasant one.

-- Our nation's GNP -- the measure of our nation's overall productivity -- will not reach the trillion dollar goal predicted by the end of 1971.

-- New construction has been increasing slowly since spring.

-- Private construction has not advanced as much as was hoped.

-- Housing starts were down an alarming 12.5 percent from August to September of this year.

-- Industrial production declined 8 percent in August. It is now 6.1 percent below its 1969 high.

-- The Consumer Price Index has been increasing at an annual rate of more than 7 percent. The August index was 4.5 percent above a year ago.

-- Since 1970, food costs have gone up 3.5 percent, home ownership costs increased nearly 5 percent, and transportation and health costs went up nearly 7 percent.

-- Unemployment continues at the totally unacceptable level of 6.1 percent with more than 5 million Americans without a job.

-- High interest rates continue to have a chilling effect on the economy. In 1969, FHA new mortgage yields were nearly 8.2 percent. One year later they were 9 percent. In August they were back to 8 percent. High interest rates make it nearly impossible for the average man to buy a new home.

These are some of the statistics that tell of the economic difficulties all of us face today.

And these figures did not suddenly come to light.

For more than 30 months you watched the climb of food prices, labor prices, wholesale and retail prices and material prices.

For more than 30 months you watched inflated costs devour your profits.

For more than 30 months you saw high interest rates play havoc with the housing market and the construction business.

And after all of these months the President finally acted. But his plan came too late to reverse quickly the disastrous trends of the many months of neglect.

And now, as the 90-day freeze nears its end, we do not yet know whether it has effectively begun to curb inflation or cure our other economic ills.

Machinery for Phase II will be considered shortly by the Congress. But there are many unanswered questions which must be answered soon if a climate of economic confidence is to be restored as the first essential step to recovery.

-- Where are the jobs in the Phase II machinery? I see no job creating programs to begin to put millions of Americans back to work.

-- Why has the President only asked Congress for stand-by authority to control interest rates when a firm ceiling on high interest rates is needed now?

-- Why has the President refused to have his appointments to the Pay Board and the Price Commission confirmed by the Senate? These appointments are certainly important enough to be scrutinized by the Congress in this important and necessary sharing of power.

-- Will the Pay Board establish an across-the-board yardstick for wage increases, or will it avoid this tough issue? If no yardstick is forthcoming, how will businesses and employees know what is acceptable? How will wage increases be monitored without specific guidelines by a small Phase II bureaucracy?

These unanswered questions pose a threat to full economic recovery and winning the battle of inflation.

Inflation levels of the last two years must be cut in half. That means a reduction to at least a 2 to 3 percent annual rise in consumer prices by the end of 1972.

Many of you here today have your own businesses and know what damage inflation does. As independent businessmen, many of you have the most to lose personally by record high inflation.

Large corporations can survive the costs of inflation. General Motors, or IBM or U.S. Steel can withstand 10 to 12 percent yearly increases in the cost of labor, goods, and services.

But I know that many of you see a real threat to your businesses in unrelenting inflation.

My friends, I don't believe that the Nixon Administration has been sensitive to the needs and problems of independent businessmen and small business either before or during the present economic crisis.

While the central focus of this administration in the last three months has been large corporations, smaller businesses and their owners are confused and poorly informed about their future role in Phase II.

Do you know whether you will be able to give your employees raises on November 14? I doubt that any of you can answer that question.

Even more significant is the fact that the Administration has not come forth with any new plans and programs that will meet the urgent financial needs of small businesses for capital and credit now always available through private channels.

In 1968, the Small Businesses Administration's direct loan funds were at the level of \$320 million. Today, when there is great need for an expanded program of direct loans to small businesses, the funds have been cut to only \$90 million.

And the President's new tax proposals are heavily weighted in favor of big business. His proposed investment tax credit would benefit only the 25 largest corporations.

The need for high-risk credit is a serious problem faced not only by businesses in trouble but by businesses that are severely undercapitalized.

Many smaller businesses -- unlike large corporations -- do not have the resources to obtain effective management counseling and expertise. This problem is further aggravated by lack of adequate numbers of trained people to hire, the shortage of capital, tax structures that work against small businesses and other financial problems small firms may meet in their early years.

And on top of these facts of life for the small businessman is back-breaking inflation that drives his operating costs to perilous highs.

I believe that the small businessman and the small corporation need special help and some special attention now -- not after they become statistics on the government's list of business failures.

Several months ago I voted in favor of the President's legislation to help the Lockheed Corporation survive. I did so not merely to rescue a giant corporation, but in order to preserve the jobs of thousands of workers.

If Lockheed can be helped, why can't the Administration move now to help thousands of small business firms with thousands of employees survive?

Why must we always watch small businesses and small firms fail instead of adopting realistic programs that can provide the necessary protection that should allow sound business operations to flourish?

Last year there were more than 10,000 business failures of small and medium-sized firms.

Small business has lost a voice and an advocate at the White House to the detriment not only of our smaller corporations and firms, but of the whole economy.

The current preoccupation with the big corporation has resulted in woeful neglect of the small business enterprise.

If small firms fail today because they cannot compete, because they are poorly managed and because they lack capital, part of their failure is the government's failure to offer them assistance.

President Nixon must mobilize the resources of his Administration to develop innovative and expanded programs of direct loans and tax relief to help small businesses survive in the harsh economic climate of October, 1971.

In the Report of the President's Task Force on Improving the Prospects of Small Business the following recommendation was made:

"The desired objectives of improving the prospects of small business by expanding its role in the economy can best be served through stimulation and motivation of the private sector in a favorable business climate."

The creation of a favorable business climate, then, must be the first order of business.

Until this is done, no business -- large or small -- can be helped by government or anyone else.

Total economic recovery must benefit all sectors of our economy.

I stand ready -- as I know the nation's electrical contractors do -- to lend my talents and energies to this essential goal.

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Burr-rell

Charles ~~Berrill~~ - President

{ - Oscar Norgren - mpls Chapter
 { - Wes Oman - St. Paul Chapter
 of NECA

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Mr. Gerke

70TH ANNUAL CONVENTION OF THE
 NATIONAL ELECTRICAL CONTRACTORS

LAS VEGAS, NEVADA

OCTOBER 25, 1971

I AM HONORED AND PLEASED TO HAVE THIS OPPORTUNITY TO
ADDRESS THE NATIONAL ELECTRICAL CONTRACTORS ASSOCIATION.

~~Sensustance~~

THIS IS A VERY IMPORTANT YEAR FOR ALL OF YOU ~~BECAUSE~~

YOU ARE CELEBRATING 70 YEARS OF PROGRESS AND ACHIEVEMENT

AS AN ORGANIZATION VITALLY CONCERNED ABOUT THE FUTURE OF THE

ELECTRICAL CONSTRUCTION INDUSTRY,

THROUGHOUT THIS CENTURY ELECTRICAL CONTRACTORS HAVE BEEN
AT THE FOREFRONT OF BUILDING A BETTER AMERICA AND MEETING

THE NEEDS OF OUR RAPIDLY GROWING NATION,

TODAY, AS YOU MEET TO THINK ABOUT THE PAST AND TO WONDER
WHERE YOU ARE GOING IN THE FUTURE, IT IS DIFFICULT TO ESCAPE

THE ENORMOUS BURDEN OF THE PRESENT.

Serious times - decade of
60's.
disorder, debate, discovery &
decision

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AND PART OF THE BURDEN THAT WEIGHS ON ALL OF US AT THE
MOMENT IS THE IMPORTANT QUESTION: HOW DO WE GET AMERICA BACK
ON THE ROAD TO PROSPERITY WITHOUT ^{crippling} INFLATION?

THIS IS THE CHALLENGE OF TODAY AND TOMORROW.

and ALL OF US HAVE A GREAT STAKE IN SOLVING THIS PROBLEM.

BUSINESSES, HOMES AND THE WORK OF A LIFETIME MAY DEPEND
ON THIS NATION'S ABILITY TO OVERCOME OUR ^{current} ECONOMIC CRISIS.

WHERE ARE WE TODAY? THE SCORECARD IS NOT A PLEASANT ONE.

-- OUR NATION'S GNP -- THE MEASURE OF OUR NATION'S OVERALL
PRODUCTIVITY -- WILL NOT REACH ITS PREDICTED GOAL

BY THE END OF 1971. *- and the rate of growth has slowed down*

-- NEW CONSTRUCTION HAS BEEN INCREASING SLOWLY SINCE SPRING.

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PRIVATE CONSTRUCTION HAS NOT ADVANCED AS MUCH AS WAS
HOPED.

HOUSING STARTS WERE DOWN AN ALARMING 12.5 PERCENT FROM
AUGUST TO SEPTEMBER OF THIS YEAR.

INDUSTRIAL PRODUCTION DECLINED 8 PERCENT IN AUGUST. IT
IS NOW ^{over} 6.7 PERCENT BELOW ITS 1969 HIGH.

THE CONSUMER PRICE INDEX HAS BEEN INCREASING AT AN ANNUAL
RATE OF MORE THAN 7 PERCENT. ~~THE AUGUST INDEX WAS 4.5 PERCENT~~
~~ABOVE A YEAR AGO.~~

~~SINCE 1970, FOOD COSTS HAVE GONE UP 3.5 PERCENT, HOME
OWNERSHIP COSTS INCREASED NEARLY 5 PERCENT, AND TRANSPORTATION
AND HEALTH COSTS WENT UP NEARLY 7 PERCENT.~~

Higher unemployment

-- UNEMPLOYMENT CONTINUES AT THE TOTALLY UNACCEPTABLE LEVEL

OF 6.1 PERCENT WITH MORE THAN 5 MILLION AMERICANS WITHOUT A JOB.

L- HIGH INTEREST RATES CONTINUE TO HAVE A CHILLING EFFECT
ON THE ECONOMY. ~~IN 1969, FHA NEW MORTGAGE YIELDS WERE NEARLY~~

~~8.2 PERCENT. ONE YEAR LATER THEY WERE 9 PERCENT. IN AUGUST THEY~~

~~WERE BACK TO 8 PERCENT.~~ HIGH INTEREST RATES MAKE IT *exceedingly*

difficult
~~IMPOSSIBLE~~ FOR THE AVERAGE MAN TO BUY A NEW HOME. *Particularly young married.*

L THESE ARE SOME OF THE STATISTICS THAT TELL OF THE ECONOMIC

DIFFICULTIES ALL OF US FACE TODAY

*Add to this - Europe Recession
Trade Gap.
Dollar value*

L AND THESE FIGURES DID NOT SUDDENLY COME TO LIGHT. —

Vietnam War - inflation -

L FOR MORE THAN 30 MONTHS YOU WATCHED THE CLIMB OF FOOD PRICES,

costs
LABOR PRICES, WHOLESALE AND RETAIL PRICES AND MATERIAL PRICES.

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have seen

FOR MORE THAN 30 MONTHS YOU ~~WITNESSED~~ INFLATED COSTS DEVOUR
YOUR PROFITS.

FOR MORE THAN 30 MONTHS YOU SAW HIGH INTEREST RATES PLAY
HAVOC WITH THE HOUSING MARKET AND THE CONSTRUCTION BUSINESS.

h AND AFTER ALL OF THESE MONTHS THE PRESIDENT FINALLY ACTED.!

BUT HIS PLAN CAME TOO LATE TO REVERSE QUICKLY THE DISASTROUS
TRENDS OF THE MANY MONTHS OF NEGLECT.

AND NOW, AS THE 90-DAY FREEZE NEARS ITS END, WE DO NOT
YET KNOW WHETHER IT HAS EFFECTIVELY BEGUN TO CURB INFLATION OR
CURE OUR OTHER ECONOMIC ILLS.

L MACHINERY FOR PHASE II WILL BE CONSIDERED SHORTLY BY THE
CONGRESS. BUT THERE ARE MANY UNANSWERED QUESTIONS WHICH MUST BE
ANSWERED SOON IF A CLIMATE OF ECONOMIC CONFIDENCE IS TO BE
RESTORED AS THE FIRST ESSENTIAL STEP TO RECOVERY.

*crisis of
confidence!*

L -- WHERE ARE THE JOBS IN THE PHASE II MACHINERY? I SEE
NO JOB CREATING PROGRAMS TO BEGIN TO PUT MILLIONS OF AMERICANS
BACK TO WORK.

*This is an imperative
Rt to a job -*

-- WHY HAS THE PRESIDENT ONLY ASKED CONGRESS FOR STAND-BY
AUTHORITY TO CONTROL INTEREST RATES WHEN A FIRM CEILING ON HIGH
INTEREST RATES IS NEEDED NOW?

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wouldn't it be better the
 -- ~~WHY HAS THE PRESIDENT REFUSED TO HAVE HIS~~ APPOINTMENTS

TO THE PAY BOARD AND THE PRICE COMMISSION CONFIRMED BY THE

SENATE? THESE APPOINTMENTS ARE CERTAINLY IMPORTANT ENOUGH TO

be in Public by you
 BE SCRUTINIZED BY THE CONGRESS, IN THIS IMPORTANT AND NECESSARY

SHARING OF POWER.

-- WILL THE PAY BOARD ESTABLISH AN ACROSS-THE-BOARD YARDSTICK

FOR WAGE INCREASES, OR WILL IT AVOID THIS TOUGH ISSUE? IF NO

YARDSTICK IS FORTHCOMING, HOW WILL BUSINESSES AND EMPLOYEES

KNOW WHAT IS ACCEPTABLE? HOW WILL WAGE INCREASES BE MONITORED - *Check out.*

WITHOUT SPECIFIC GUIDELINES, ~~BY A SMALL PHASE II BUREAUCRACY?~~

L THESE UNANSWERED QUESTIONS POSE A THREAT TO FULL ECONOMIC

RECOVERY AND WINNING THE BATTLE OF INFLATION.

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L INFLATION LEVELS OF THE LAST TWO YEARS MUST BE CUT IN HALF!

THAT MEANS A REDUCTION TO AT LEAST A 2 TO 3 PERCENT ANNUAL RISE
IN CONSUMER PRICES BY THE END OF 1972

L MANY OF YOU HERE TODAY HAVE YOUR OWN BUSINESSES AND KNOW
WHAT DAMAGE INFLATION DOES. ~~AS INDEPENDENT BUSINESSMEN, MANY~~

~~OF YOU HAVE THE MOST TO LOSE PERSONALLY BY RECORD HIGH INFLATION.~~

But L LARGE CORPORATIONS CAN SURVIVE THE COSTS OF INFLATION.

L GENERAL MOTORS, OR IBM OR U.S. STEEL CAN WITHSTAND ⁵⁻ 10 ^{or} 12 PERCENT

YEARLY INCREASES IN THE COST OF LABOR, GOODS, AND SERVICES.

~~L BUT I KNOW THAT MANY OF YOU SEE A REAL THREAT TO YOUR~~

~~BUSINESSES IN UNRELENTING INFLATION.~~

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MY FRIENDS, I DON'T BELIEVE THAT THE ~~NIXON~~ ^{and the Congress} ADMINISTRATION
^{sufficiently}
 HAS BEEN ^A SENSITIVE TO THE NEEDS AND PROBLEMS OF INDEPENDENT
 BUSINESSMEN ~~AND SMALL BUSINESSES~~ EITHER BEFORE OR DURING THE PRESENT
 ECONOMIC CRISIS.

WHILE THE CENTRAL FOCUS OF THIS ADMINISTRATION IN THE LAST
 THREE MONTHS HAS BEEN LARGE CORPORATIONS, SMALLER BUSINESSES

AND THEIR OWNERS ARE ~~CONFUSED AND POORLY INFORMED ABOUT THEIR~~

The forgotten Americans - They are all
informed about their role in Phase II -
~~FUTURE ROLE IN PHASE II.~~

For example

DO YOU KNOW WHETHER YOU WILL BE ABLE TO GIVE YOUR EMPLOYEES
 RAISES ON NOVEMBER 14? I DOUBT THAT ANY OF YOU CAN ANSWER THAT
 QUESTION.

*and if you do, what about
 prices you charge.*

L EVEN MORE SIGNIFICANT IS THE FACT THAT THE ADMINISTRATION

HAS NOT COME FORTH WITH ANY NEW PLANS AND PROGRAMS THAT WILL MEET

THE URGENT FINANCIAL NEEDS OF SMALL BUSINESSES FOR CAPITAL AND

CREDIT NOT ALWAYS AVAILABLE THROUGH PRIVATE CHANNELS.

L IN 1968, THE SMALL BUSINESSES ADMINISTRATION'S DIRECT LOAN

FUNDS WERE AT THE LEVEL OF \$320 MILLION. TODAY, WHEN THERE IS

GREAT NEED FOR AN EXPANDED PROGRAM OF DIRECT LOANS TO SMALL

BUSINESSES, THE FUNDS HAVE BEEN CUT TO ONLY \$90 MILLION.

L AND THE PRESIDENT'S NEW TAX PROPOSALS ARE HEAVILY WEIGHTED

IN FAVOR OF ^{corporate} BIG BUSINESS. HIS PROPOSED INVESTMENT TAX CREDIT WOULD

BENEFIT ONLY THE 25 LARGEST CORPORATIONS.

(I'll support)

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THE NEED FOR HIGH-RISK CREDIT IS A SERIOUS PROBLEM FACED
NOT ONLY BY BUSINESSES IN TROUBLE BUT BY BUSINESSES THAT ARE
SEVERELY UNDERCAPITALIZED.

MANY SMALLER BUSINESSES -- UNLIKE LARGE CORPORATIONS --
DO NOT HAVE THE RESOURCES TO OBTAIN EFFECTIVE MANAGEMENT COUNSELING
AND EXPERTISE. THIS PROBLEM IS FURTHER AGGRAVATED BY LACK OF
ADEQUATE NUMBERS OF TRAINED PEOPLE TO HIRE, THE SHORTAGE OF
CAPITAL, TAX STRUCTURES THAT WORK AGAINST SMALL BUSINESSES AND
OTHER FINANCIAL PROBLEMS SMALL FIRMS MAY MEET IN THEIR EARLY
YEARS.

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L AND ON TOP OF THESE FACTS OF LIFE FOR THE SMALL BUSINESSMAN
IS BACK-BREAKING INFLATION THAT DRIVES HIS OPERATING COSTS TO
PERILOUS HIGHS.

L I BELIEVE THAT THE SMALL BUSINESSMAN AND THE SMALL CORPORATION
NEED SPECIAL HELP AND SOME SPECIAL ATTENTION NOW -- NOT AFTER
THEY BECOME STATISTICS ON THE GOVERNMENT'S LIST OF BUSINESS
FAILURES.

L SEVERAL MONTHS AGO I VOTED IN FAVOR OF THE PRESIDENT'S
LEGISLATION TO HELP THE LOCKHEED CORPORATION SURVIVE. I DID SO
NOT MERELY TO RESCUE A GIANT CORPORATION, BUT IN ORDER TO
PRESERVE THE JOBS OF THOUSANDS OF WORKERS

Difficulties

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L IF LOCKHEED CAN BE HELPED, WHY CAN'T THE ADMINISTRATION MOVE
 NOW TO HELP THOUSANDS OF SMALL BUSINESS FIRMS WITH THOUSANDS
OF EMPLOYEES TO SURVIVE?

L WHY MUST WE ALWAYS WATCH SMALL BUSINESSES AND SMALL FIRMS
 FAIL INSTEAD OF ADOPTING REALISTIC PROGRAMS THAT CAN PROVIDE

THE NECESSARY PROTECTION THAT SHOULD ALLOW SOUND BUSINESS
OPERATIONS TO FLOURISH?

(*National Domestic
Development Bank*)

L LAST YEAR THERE WERE MORE THAN 10,000 BUSINESS FAILURES OF
SMALL AND MEDIUM-SIZED FIRMS.

L ~~Independent~~ *no* ~~SMALL BUSINESS HAS LOST A VOICE AND AN ADVOCATE IN THE~~ *in the*
high councils of government and this work
~~WHITE HOUSE~~ *1* TO THE DETRIMENT NOT ONLY OF OUR SMALLER CORPORATIONS
AND FIRMS, BUT OF THE WHOLE ECONOMY!

THE CURRENT PREOCCUPATION WITH THE BIG CORPORATION HAS RESULTED
IN WOEFUL NEGLECT OF THE SMALL BUSINESS ENTERPRISE.

L IF SMALL FIRMS FAIL TODAY BECAUSE THEY CANNOT COMPETE,
~~BECAUSE THEY ARE POORLY MANAGED AND~~ BECAUSE THEY LACK CAPITAL, PART

OF THEIR FAILURE IS THE GOVERNMENT'S FAILURE TO ~~CARE FOR THEM~~

*be concerned
about them.*

& the Congress
PRESIDENT NIXON MUST MOBILIZE THE RESOURCES OF HIS ADMINISTRATION

TO DEVELOP INNOVATIVE AND EXPANDED PROGRAMS OF Credit ~~DIRECT~~ LOANS AND

TAX RELIEF TO HELP SMALL BUSINESSES SURVIVE IN THE HARSH ECONOMIC

CLIMATE OF OCTOBER, 1971.

IN THE REPORT OF THE PRESIDENT'S TASK FORCE ON IMPROVING
THE PROSPECTS OF SMALL BUSINESS THE FOLLOWING RECOMMENDATION
WAS MADE:

"THE DESIRED OBJECTIVES OF IMPROVING THE PROSPECTS OF SMALL
BUSINESS BY EXPANDING ITS ROLE IN THE ECONOMY CAN BEST BE SERVED
THROUGH STIMULATION AND MOTIVATION OF THE PRIVATE SECTOR IN A
FAVORABLE BUSINESS CLIMATE."

↳ THE CREATION OF A FAVORABLE BUSINESS CLIMATE, THEN, MUST
BE THE FIRST ORDER OF BUSINESS.

↳ UNTIL THIS IS DONE, NO BUSINESS -- LARGE OR SMALL -- CAN BE
HELPED BY GOVERNMENT OR ANYONE ELSE.

our assets
capital, skill, mgmt
Get the Country moving again -
Tend to America - decade
of Development

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TOTAL ECONOMIC RECOVERY MUST BENEFIT ALL SECTORS OF OUR
ECONOMY.

I STAND READY -- AS I KNOW THE NATION'S ELECTRICAL CONTRACTORS
DO -- TO LEND MY TALENTS AND ENERGIES TO THIS ESSENTIAL GOAL.

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