

REMARKS OF SENATOR HUBERT H. HUMPHREY
MINNESOTA ASSOCIATION OF COMMERCE AND INDUSTRY

Bloomington; Minnesota

January 30, 1976

Good afternoon. It is a pleasure to be here with you today. Your meetings represent a continuing effort to get business and government in gear -- working together as we should toward common goals.

American industry started in small foundries in the early colonies. It spread to the rest of the country as the nation grew and prospered, until our industrial worth as measured by gross national product was nearly \$1.5 trillion last year.

Between 1960 and 1969, our industrial production increased an incredible 70 percent. America, in 1969, was riding a wave of unprecedented prosperity.

Today, however, it is a far different story.

-- Thirty percent of our productive capacity lies idle, just waiting to work.

-- Some 14 to 20 million American workers were out of work at some time during each of the last two years, and will be again this year.

-- The American worker's paycheck in 1975 dropped, in real terms, back to about where it was in the mid-60's.

This recession will cost our economy \$1.5 trillion in goods never produced, services never received, income never generated, and investments never made, by 1980. That's an incredible \$7,000 for every man, woman and child in America -- a colossal waste, and one we surely cannot afford.

I was as appalled as you were when the President of the U.S. Chamber of Commerce reminded the nation last summer that there were about 71 million people in the work force and 80 million people drawing a government check of one kind or another.

While many of these were retirees on Social Security, his point was well made. It simply is wasteful to continue to pay out tens of billions of dollars in unemployment compensation, welfare, and food stamps to able-bodied people while there is so much that needs doing in America.

Work -- not welfare, not planned unemployment -- is what this country needs. And there is plenty of work to be done around here. The work ethic will die only if we let it.

It has become very popular these days to criticize government as too big, too wasteful and counterproductive to the goals of American enterprise. Many people say we should have less government.

Some have compared the continued growth of government to the complaint by the colonists to King George, in the Declaration of Independence, that he had burdened them with "multitudes of new offices" and "swarms of officers to harass our people and eat out their substance." So "big government" was a big issue in 1776, just as it is in 1976 -- 200 years later.

No doubt we need to get rid of the deadwood and the unnecessary agencies by consolidating the functions and offices that duplicate each other. No doubt there are programs that aren't needed. We should get rid of them.

But I reject the notion that we should abandon our efforts to improve our society for all the people. And you, as businessmen, should reject this notion as well. For promoting a better life for our people really is what American business is all about. It has been American business that has produced better products for less, created new materials to meet new needs, and solved the problems of fast, effective, efficient communication and transportation.

It is the investment, production, and marketing of American business that has made the standard of living experienced by most Americans far above that of any other nation or previous civilization on this earth.

But times have changed. And we must change with them. We must give serious attention to fundamental structural changes in the methods used in making decisions which affect the economy of this nation.

One area where qualitative reforms are possible is in the older regulatory agencies. We must bring flexibility and rationality to our federal regulatory practices.

The central strength of the American economy is in the private sector. Where the market is working well, with adequate competition, efficient production, and fair prices, we don't need government regulation.

Estimates of the cost of government regulation have ranged up to one percent of gross national product, or \$66 per person per year. At a time of inflation and recession, any unnecessary cost imposed by the government on business or on the individual simply increases the agony.

Substantial deregulation in some areas might well improve the efficiency of the economy, while cutting back the cost of doing business with no threat to the consumer.

The agencies regulating transportation and communications, for example, could give those industries greater latitude, at least on an experimental basis, in setting their own prices. They could, again on an experimental basis, reduce some barriers against entry into those industries.

In other areas -- such as food and agriculture -- where the market is buffeted by such unpredictable variables as weather, energy supply and non-market economies, there is a substantial regulatory role for government in stabilizing farm prices, managing a grain reserve, and allocating our food exports in periods of short supply to meet the needs of both producers and consumers.

Terrible inefficiencies have developed in some regulation over the years. Some of this may stem from bureaucratic problems rather than legislative ones, as the laws passed by Congress as interpreted by the regulatory authority.

This interpretation can yield nonsensical burdens on business. I know this because my family runs a small drugstore. And you know it, because you have been trying to cope with these rules and regulations.

Regulatory decisions with far-reaching consequences must not be made in an economic impact vacuum. Legislation, rules and regulations often are examined only in the light of the short-term impact on cost, the budget, or the industry or sector directly affected.

But the long-term effects of legislation, including its impact on production, employment, inflation and real income are equally important.

What we need is a process which makes more explicit all of the facts needed to make these decisions. The people need to know what the trade-offs are that are being made.

Everyone wants jobs, cleaner air and water, and lower prices. Wise decisions can only be made, however, when the trade-offs are clear to those making the decisions and to the public. A part of this responsibility rests with each and every one of us.

Better and more effective review of current government programs also is needed. Some have outlived their usefulness, some have been abused, some need to be restructured to meet new needs.

We have much to do. But what we really need is direction -- some clear, national economic policy that is shaped by the people it will affect.

Now, I know that the subject of planning, particularly as it relates to the government, has a nightmarish connotation. It is a subject, however, which merits your attention.

The activities of the United States Government have an immense effect on economic decision and economic development. You know this. That is one reason why you are here today.

Consider that the President is proposing that we spend \$395 billion this year. How, where and when it is spent will have a direct impact on the structure of the economy, on the pattern of economic growth, and on you.

We need to know, and you need to know, what the federal government is going to do and what impact its decisions will have on the private economy. Among other things, it would reduce the often inconsistent and unpredictable interference of government in the private sector.

Such a process would provide a great deal of new information which could be used by the private sector in its planning and by the government in its policy making. It would require that Congress and the President, with business, labor, and state and local governments fully participating, debate and establish economic goals and priorities for America.

There are important national objectives which need to be met. These objectives must be addressed in ways that expand rather than reduce our nation's wealth.

Planning can be the basis for a more constructive partnership between the public and private sectors in the years ahead. Such a partnership would do a better job of meeting the needs of our society.

#

No Dems Here
Elections - With Democrats
would act like you!
Candidates - ~~The Candidates~~

L. H. Le League Quarterback
in Presence of Frank Tarkenton
(sagittarius)
tried twice +
not running third time

REMARKS OF SENATOR HUBERT H. HUMPHREY

MINNESOTA ASSOCIATION OF COMMERCE AND INDUSTRY

BLOOMINGTON, MINNESOTA

JANUARY 30, 1976

Clinton Morrison
Chm. U.S. Chamber -

Walter Johnson

Geo Bergwall
Alvin Perry

Signature
Richard

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State of Economy =
Recovery - Inflation 9%
unemp - 8.5% average

GOOD AFTERNOON. IT IS A PLEASURE TO BE HERE WITH YOU TODAY.

Projections unemp 7.7.08

YOUR MEETINGS REPRESENT A CONTINUING EFFORT TO GET BUSINESS AND

Stock mkt *GNP. 6%*

GOVERNMENT IN GEAR -- WORKING TOGETHER AS WE SHOULD TOWARD COMMON

GOALS.
- Cap. Investment
- Consumer Conf.
- Housing

E.C. Growth

AMERICAN INDUSTRY STARTED IN SMALL FOUNDRIES IN THE EARLY COLONIES. IT SPREAD TO THE REST OF THE COUNTRY AS THE NATION GREW AND PROSPERED, UNTIL OUR INDUSTRIAL WORTH AS MEASURED BY GROSS NATIONAL PRODUCT WAS NEARLY \$1.5 TRILLION LAST YEAR.

BETWEEN 1960 AND 1969, OUR INDUSTRIAL PRODUCTION INCREASED AN INCREDIBLE 70 PERCENT. AMERICA, IN 1969, WAS RIDING A WAVE OF UNPRECEDENTED PROSPERITY.

3.6% unemp
4.5 Inflation | *10 million out of Poverty*

TODAY, HOWEVER, IT IS A FAR DIFFERENT STORY.

-- THIRTY PERCENT OF OUR PRODUCTIVE CAPACITY LIES IDLE,

JUST WAITING TO WORK.

Unemployment
Inflation
Recession

Fiscal, Budget, Monetary Policies

Tapes

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-- SOME 14 TO 20 MILLION AMERICAN WORKERS WERE OUT OF WORK

AT SOME TIME DURING EACH OF THE LAST TWO YEARS, AND WILL BE AGAIN
THIS YEAR.

-- THE AMERICAN WORKER'S PAYCHECK IN 1975 DROPPED, IN REAL TERMS,
BACK TO ABOUT WHERE IT WAS IN THE MID-60'S.

Business Profits failed to provide equity capital

-- THIS RECESSION WILL COST OUR ECONOMY \$1.5 TRILLION IN GOODS

NEVER PRODUCED, SERVICES NEVER RECEIVED, INCOME NEVER GENERATED,

AND INVESTMENTS NEVER MADE, BY 1980. { THAT'S AN INCREDIBLE \$7,000

FOR EVERY MAN, WOMAN AND CHILD IN AMERICA -- A COLOSSAL WASTE, AND

ONE WE SURELY CANNOT AFFORD.

1% unemployment = 26 Billion Loss

check -- I WAS AS APPALLED AS YOU WERE WHEN THE PRESIDENT OF THE U.S.

CHAMBER OF COMMERCE REMINDED THE NATION LAST SUMMER THAT THERE WERE

ABOUT 71 MILLION PEOPLE IN THE WORK FORCE AND 80 MILLION PEOPLE

DRAWING A GOVERNMENT CHECK OF ONE KIND OR ANOTHER.

U.S. Unemployment
Highest

8.3%
first local
highest

WHILE MANY OF THESE WERE RETIREES ON SOCIAL SECURITY, HIS

POINT WAS WELL MADE. IT SIMPLY IS WASTEFUL TO CONTINUE TO PAY OUT

TENS OF BILLIONS OF DOLLARS IN UNEMPLOYMENT COMPENSATION, WELFARE,

AND FOOD STAMPS TO ABLE-BODIED PEOPLE WHILE THERE IS SO MUCH THAT

NEEDS DOING IN AMERICA.

(costly yes) R & D needs
and surely

WORK -- NOT WELFARE, NOT PLANNED UNEMPLOYMENT -- IS WHAT THIS

COUNTRY NEEDS. AND THERE IS PLENTY OF WORK TO BE DONE AROUND HERE.

THE WORK ETHIC WILL DIE ONLY IF WE LET IT.

Employment
growth
Current Recession

IT HAS BECOME VERY POPULAR THESE DAYS TO CRITICIZE GOVERNMENT

AS TOO BIG, TOO WASTEFUL AND COUNTERPRODUCTIVE TO THE GOALS OF

AMERICAN ENTERPRISE. MANY PEOPLE SAY WE SHOULD HAVE LESS GOVERNMENT.

SOME HAVE COMPARED THE CONTINUED GROWTH OF GOVERNMENT TO THE

COMPLAINT BY THE COLONISTS TO KING GEORGE, IN THE DECLARATION OF

INDEPENDENCE, THAT HE HAD BURDENED THEM WITH "MULTITUDES OF NEW OFFICES" AND "SWARMS OF OFFICERS TO HARASS OUR PEOPLE AND EAT OUT THEIR SUBSTANCE." So "BIG GOVERNMENT" WAS A BIG ISSUE IN 1776, JUST AS IT IS IN 1976 -- 200 YEARS LATER!

Reorganize

L NO DOUBT WE NEED TO GET RID ^{OF} THE DEADWOOD AND THE UNNECESSARY AGENCIES BY CONSOLIDATING THE FUNCTIONS AND OFFICES THAT DUPLICATE EACH OTHER. NO DOUBT THERE ARE PROGRAMS THAT AREN'T NEEDED. WE SHOULD GET RID OF THEM.

L BUT I REJECT THE NOTION THAT WE SHOULD ABANDON OUR EFFORTS TO IMPROVE OUR SOCIETY FOR ALL THE PEOPLE. AND YOU, AS BUSINESSMEN, SHOULD REJECT THIS NOTION AS WELL. FOR PROMOTING A BETTER LIFE FOR OUR PEOPLE REALLY IS WHAT AMERICAN BUSINESS IS ALL ABOUT. IT HAS BEEN AMERICAN BUSINESS THAT HAS PRODUCED BETTER PRODUCTS FOR LESS, CREATED NEW MATERIALS TO MEET NEW NEEDS, AND SOLVED THE PROBLEMS OF FAST, EFFECTIVE, EFFICIENT COMMUNICATION AND TRANSPORTATION.

Question is How -

I know -

Public Private

It is the investment, production, and marketing of American

business that has made the standard of living experienced by most

Americans far above that of any other nation or previous

civilization on this earth.

(capital formation)

Change

But times have changed, and we must change with them. We

must give serious attention to fundamental structural changes in

the methods used in making decisions which affect the economy of

this nation.

Regulations

One area where qualitative reforms are possible is in the

older regulatory agencies. We must bring flexibility and rationality

to our federal regulatory practices.

The central strength of the American economy is in the private sector, where the market is working well, with adequate competition,

efficient production, and fair prices, we don't need government

regulation.

L ESTIMATES OF THE COST OF GOVERNMENT REGULATION HAVE RANGED
UP TO ONE PERCENT OF GROSS NATIONAL PRODUCT, OR \$66 PER PERSON PER
YEAR. L AT A TIME OF INFLATION AND RECESSION, ANY UNNECESSARY COST
IMPOSED BY THE GOVERNMENT ON BUSINESS OR ON THE INDIVIDUAL SIMPLY
INCREASES THE AGONY — *including new social taxes.*

L SUBSTANTIAL DEREGULATION IN SOME AREAS MIGHT WELL IMPROVE THE
EFFICIENCY OF THE ECONOMY, WHILE CUTTING BACK THE COST OF DOING
BUSINESS WITH NO THREAT TO THE CONSUMER.

L THE AGENCIES REGULATING TRANSPORTATION AND COMMUNICATIONS,
FOR EXAMPLE, COULD GIVE THOSE INDUSTRIES GREATER LATITUDE, AT LEAST
ON AN EXPERIMENTAL BASIS, IN SETTING THEIR OWN PRICES. L THEY COULD,
AGAIN ON AN EXPERIMENTAL BASIS, REDUCE SOME BARRIERS AGAINST ENTRY
INTO THOSE INDUSTRIES.

L IN OTHER AREAS -- SUCH AS FOOD AND AGRICULTURE -- WHERE THE
MARKET IS BUFFETED BY SUCH UNPREDICTABLE VARIABLES AS WEATHER, ENERGY
SUPPLY AND NON-MARKET ECONOMIES, THERE IS A SUBSTANTIAL ~~REGULATORY~~
ROLE FOR GOVERNMENT IN STABILIZING ~~THE~~ PRICES, ^{creating a} ~~MANAGING~~ GRAIN
^{and establishing standard food rules for the}
RESERVE, ~~AND ALLOCATING~~ OUR FOOD EXPORTS IN PERIODS OF SHORT SUPPLY
TO MEET THE NEEDS OF BOTH PRODUCERS AND CONSUMERS. ^{embargo cost}

L TERRIBLE INEFFICIENCIES HAVE DEVELOPED IN SOME REGULATION OVER
THE YEARS. L SOME OF THIS MAY STEM FROM BUREAUCRATIC PROBLEMS RATHER
THAN LEGISLATIVE ONES, AS THE LAWS PASSED BY CONGRESS AS INTERPRETED
BY THE REGULATORY AUTHORITY.

L THIS INTERPRETATION CAN YIELD NONSENSICAL BURDENS ON BUSINESS.
L I KNOW THIS BECAUSE MY FAMILY RUNS A SMALL DRUGSTORE, AND YOU KNOW
IT, BECAUSE YOU HAVE BEEN TRYING TO CORE WITH THESE RULES AND
REGULATIONS. ^(Federal Council - Idea)

Ex Impact

REGULATORY DECISIONS WITH FAR-REACHING CONSEQUENCES MUST NOT

BE MADE IN AN ECONOMIC IMPACT VACUUM. LEGISLATION, RULES AND

REGULATIONS OFTEN ARE EXAMINED ONLY IN THE LIGHT OF THE SHORT-TERM

IMPACT ON COST, THE BUDGET, OR THE INDUSTRY OR SECTOR DIRECTLY AFFECTED.

BUT THE LONG-TERM EFFECTS OF LEGISLATION, INCLUDING ITS IMPACT

ON PRODUCTION, EMPLOYMENT, INFLATION AND REAL INCOME ARE EQUALLY

IMPORTANT.

(Federal Council - President & Governors)

Decision process WHAT WE NEED IS A PROCESS WHICH MAKES MORE EXPLICIT ALL OF THE

FACTS NEEDED TO MAKE THESE DECISIONS. THE PEOPLE NEED TO KNOW WHAT

THE TRADE-OFFS ARE THAT ARE BEING MADE.

EVERYONE WANTS JOBS, CLEANER AIR AND WATER, AND LOWER PRICES,

WISE DECISIONS CAN ONLY BE MADE, HOWEVER, WHEN THE TRADE-OFFS ARE

CLEAR TO THOSE MAKING THE DECISIONS AND TO THE PUBLIC. A PART OF

THIS RESPONSIBILITY RESTS WITH EACH AND EVERY ONE OF US.

least overnight

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BETTER AND MORE EFFECTIVE REVIEW OF CURRENT GOVERNMENT PROGRAMS

ALSO IS NEEDED. SOME HAVE OUTLIVED THEIR USEFULNESS, SOME HAVE BEEN
ABUSED, SOME NEED TO BE RESTRUCTURED TO MEET NEW NEEDS

WE HAVE MUCH TO DO, BUT WHAT WE REALLY NEED IS DIRECTION --

SOME CLEAR, NATIONAL ECONOMIC POLICY THAT IS SHAPED BY THE PEOPLE

IT WILL AFFECT.

(Fed Reserve - Industry
Ag - Labor)

NOW, I KNOW THAT THE SUBJECT OF PLANNING, PARTICULARLY AS IT

RELATES TO THE GOVERNMENT, HAS A NIGHTMARISH CONNOTATION. IT IS

A SUBJECT, HOWEVER, WHICH MERITS YOUR ATTENTION.

~~Cost Planning~~

THE ACTIVITIES OF THE UNITED STATES GOVERNMENT HAVE AN IMMENSE

EFFECT ON ECONOMIC DECISIONS AND ECONOMIC DEVELOPMENT. YOU KNOW

THIS, THAT IS ONE REASON WHY YOU ARE HERE TODAY.

Budget - not only its size
- ¹⁰ what's in it.

CONSIDER THAT THE PRESIDENT IS PROPOSING THAT WE SPEND \$395

BILLION THIS YEAR. HOW, WHERE AND WHEN IT IS SPENT WILL HAVE A DIRECT
IMPACT ON THE STRUCTURE OF THE ECONOMY, ON THE PATTERN OF ECONOMIC
GROWTH, AND ON YOU.

WE NEED TO KNOW, AND YOU NEED TO KNOW, WHAT THE FEDERAL
GOVERNMENT IS GOING TO DO AND WHAT IMPACT ITS DECISIONS WILL HAVE
ON THE PRIVATE ECONOMY. AMONG OTHER THINGS, IT WOULD REDUCE THE OFTEN
INCONSISTENT AND UNPREDICTABLE INTERFERENCE OF GOVERNMENT IN THE
PRIVATE SECTOR.

SUCH A PROCESS WOULD PROVIDE A GREAT DEAL OF NEW INFORMATION
WHICH COULD BE USED BY THE PRIVATE SECTOR IN ITS PLANNING AND BY THE
GOVERNMENT IN ITS POLICY MAKING. IT WOULD REQUIRE THAT CONGRESS AND
THE PRESIDENT, WITH BUSINESS, LABOR, AND STATE AND LOCAL GOVERNMENTS
FULLY PARTICIPATING, DEBATE AND ESTABLISH ECONOMIC GOALS AND
PRIORITIES FOR AMERICA.

h THERE ARE IMPORTANT NATIONAL OBJECTIVES WHICH NEED TO BE MET,
THESE OBJECTIVES MUST BE ADDRESSED IN WAYS THAT EXPAND RATHER THAN
REDUCE OUR NATION'S WEALTH.

h PLANNING CAN BE THE BASIS FOR A MORE CONSTRUCTIVE PARTNERSHIP
BETWEEN THE PUBLIC AND PRIVATE SECTORS IN THE YEARS AHEAD. SUCH

A PARTNERSHIP WOULD DO A BETTER JOB OF MEETING THE NEEDS OF OUR
SOCIETY.

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