

REMARKS OF BRYCE N. HARLOW

THE BUSINESS COUNCIL

THE HOMESTEAD, HOT SPRING, VIRGINIA

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Remarks of Bryce N. Harlow
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For a number of years most authorities have told us that the condition of business in the nation's capital is stable -- ranging between a high of calamitous and a low of catastrophic.

Our able and amiable co-panelist Walker appears conversant with this doctrine, for last May his always penetrating "Washington Economic Report" told us:

"The nation's business community is in political trouble. Its motives are misunderstood and mistrusted. It is in low public esteem both with respect to quality of product and credibility of statements. It is the Number One scapegoat on the Washington scene."

Four years ago Supreme Court Justice Powell, in an elaborate analysis entitled "Attack on American Free Enterprise System," advised that business and the enterprise system are in deep trouble, and the hour is late." Businessmen, he said, must realize that "the ultimate issue may be survival -- survival of what we call the free enterprise system" Eleven months ago, after a year of careful study, his somber assessment was embraced by a 50-man task force of the United States Chamber of Commerce.

As if such forebodings were not enough, we have our happy pollsters. Two weeks ago Louis Harris reported that only one person in five has "a great deal of confidence" in major companies, a statistic helped scarcely at all by noting that Congress and organized labor fared even worse.

Six weeks ago, in New York City, the Opinion Research Corporation advised its Public Opinion Conference:

“Big business today continues to lose ground with the public, its reputation is tarnished, its leaders held in low esteem and consumers are increasingly critical.”

ORC said two-thirds of the people give big business “low approval.” Even more believe a few large companies have too much power.

But on reviewing actual events in Washington this past year, my reaction is to invite your attention to an item gleaned from my favorite diversion -- reading The Washington Post. It told of a cow that ingested a bottle of ink, and then mooded indigo.

I cite that, not to be flippant in this august setting, but to offer perspective -- to suggest that our mood indigo has been out of phase.

Confrontations with government -- even on occasion with Presidents, defamatory rhetoric by public leaders, near crippling federal regulations and legislation, unrelenting harassment by organized groups, public disbelief -- these have been the lot of business, off and on, since early New Deal days 40 years ago. But I believe I can accurately say that, despite such adversities, in recent months business in Washington has fared reasonably well.

Indeed, in light of our ingrained distaste for head-to-head encounters with labor, consumer and environmental leaders in the political arena -- in light, also, of business inability or

reluctance to coalesce its legions to contain its adversaries -- the wonder is not how poorly we have done, but how well.

A few random examples will point up what I am attempting to convey.

Only months ago many in this room were deeply disturbed by a restrictive trade proposal called the Burke-Hartke bill. Today, if there is trade legislation at all, it is certain to reflect thoughtful business input. Burke-Hartke, despite its powerful union sponsorship, is going nowhere at all. Business, you see, has overcome.

Menacing tax revisions, including a heavy assault on oil companies -- proposals allegedly irresistible in the present climate -- became stillborn this year despite unremitting midwifery by the House tax committee and Chairman Mills. The issue had dissipated for this year until the President's initiatives of Tuesday last breathed new life. In these times, the demise of any measure heralded as tax reform does not just happen; it was largely the consequence of effective work by business people, notably including Dr. Walker.

Once again, last month, the super-agency demanded for years by Mr. Nader, Mr. Meany and their militant allies was shunted aside by the Congress -- again, because of determined business resistance.

Only a few days ago the congress bestirred itself to repeal the safety interlock system for automobiles, an action heretofore impossible but dictated now by public impatience with

bureaucratic coddling -- an augury, perhaps, of a new day in the whole field of regulatory extremism.

Such results, mind you -- and there are more -- have been achieved in a Congress heavily beholden to people and forces hostile or skeptical toward, or at least wary of, the orientation of business. If, as Speaker John McCormack liked to say, business is universally held "in a minimum of high regard," these achievements are all the more remarkable.

In most of the downtown area the response has been better still. The receptivity of most of the Executive Branch in its present political setting is well known here. The Administration effort to elicit business judgments on inflation in Pittsburg and Detroit and at the Economic Summit was evidence of this. It can hardly be doubted that the business view was strongly felt in the options accepted and rejected by the President last Tuesday.

Actually virtually all key figures in the Executive Branch are readily accessible to members of this group, and their political and economic orientation inclines them to be receptive. The President personally, as his Congressional service attests; key members of his official entourage, including a top assistant assigned to relate to business; virtually all of the President's Cabinet; most of the sub-cabinet; the Chairman of the Council of Economic Advisers; the Chairman of the Federal Reserve Board, and such influential advisers as Dr. Paul McCracken, architect of the President's economic address -- all these policy and program leaders are attuned far more closely to concepts held here than to concepts inimical to free enterprise.

So I suggest the environment for business has not been inauspicious uptown or downtown in Washington in recent times, though each of us can cite a variety of concerns, notably in the regulatory agencies, still requiring vigilance and endeavor.

A word, now, about the caliber of your troops deployed along the Potomac. In recent years there has been a quantum jump in the scope and quality of Washington business representation. Some 300 companies now have representatives there. The in-company status of many of them has been upgraded, and their professionalism has markedly improved. Especially important, they are at last accustomed to collaborate on business-wide problems ad hoc style or under the aegis of the Business Roundtable, the U. S. Chamber, the NAM, trade associations, or amalgams of all of these. Groups of this kind are in perpetual gestation -- this past year, for example, on trade legislation, the consumer agency, pension reform and taxation.

More generally, every other Friday morning some 40 senior representatives of major companies gather to assess common problems. On off Thursdays some 150 others assemble for the same purpose. Meetings of the Business-Government Relations Council, comprising the top Washington people of most companies represented here, also survey mutual concerns, including improved methods of working with government. There are now so many of these gatherings, in contrast to the go-it-alone spirit of yesteryear, that we have to hump to get other tasks done.

Meantime, the United States Chamber of Commerce is providing a focus for many business efforts, with a large sophisticated staff producing good results. The NAM, with great trepidation, has moved itself into town for the first time, currently is reorganizing to harden its

national impact, and is expanding its work with company representatives. The recently launched Roundtable, headed by Mr. Harper -- in effect, a venturesome Business Action Council -- has begun to take on a glint as its task forces, especially in pension and consumer areas, have demonstrated the will and skill to shape events. A host of industry associations have evolved professional techniques and staffs and closely superintend their specialty areas. All in all, business has organized itself to be much more influential on the national stage than it was ten or even five years ago.

I conclude, therefore, from our achievements in Congress, from the compatibility downtown, from the size and quality of your Washington representation and the organizational improvements coming along that we have been doing about as well as we can reasonably expect, and assuredly better than some would have us believe. This is why I suggest our mood indigo has been out of phase.

Out of phase -- because, while there is justification for encouragement over developments in the year just past, there is reason for apprehension over what the near future may hold in store.

We are entering a period of possibly historic realignment of political forces in Washington and across the nation. In the short range at least, business could suffer.

Increasingly it appears that the November elections may cast a pall over the future of the Republican Party. To paraphrase Justice Powell's report cited earlier: "The ultimate issue may be survival -- survival of what we call the Republican institution."

There is no prospect whatever for Republican -- or conservative -- control of the next Congress -- indeed, no prospect of Republican control of any Congress one can foresee. There is every prospect for a diminution of conservative influence in the next Congress, particularly in the House of Representatives. Republican strength, already depleted, appears certain to decline as well in the state houses and legislatures. Professional estimates of House conservative losses now soar well above 30 and rise weekly -- enough not only to tip the balance in favor of legislation troublesome to business -- e.g., tax, antitrust, consumer, regulatory -- but also enough to topple or intimidate the present House power structure inclined toward restrained and reasoned progress.

Senate deterioration, already well advanced from the business point of view, appears sure to proceed further, though in lesser proportion than in the House. Even a small reverse there would be serious. The critical filibuster, again halting Mr. Nader's consumer agency, prevailed last month by a margin of two votes. Six allies in that struggle retire this year. At least two more may well be defeated in November. Plainly, unless business is disposed to do substantially more next year, starting now, this long struggle is sure to be lost approximately seven months hence.

In the Executive Branch the new President, lacking a demonstrated political base of his own and his capabilities for effective leadership still largely untested, struggles on for mastery over surging events of vast import to this nation and the world, having been denied the preparatory time -- some 2½ months -- a normal accession to office would have allowed him and his staff. Consequently, his in-house difficulties have been and are severe -- friction and mistrust between the new and old Presidential staffs, the methodology of governing temporarily

askew and impaired, and the Congress hovering ghoulishly by, eager to pounce upon any sign or act of weakness in order to bring the “regal Presidency” to heel. In the balance trembles the greatest question of all -- the capability of Mr. Ford, or any future President, after this monumental tragedy of Richard Nixon, to lead this nation with sufficient credibility, constancy and force to bring us safely through the reefs of international discord and domestic economic distress, energy shortages, regulatory extremism, and radical partisanship by reinforced iconoclasts on Capitol Hill.

Out across the land, disillusionment deepens toward both established parties. I have detected embryonic moves -- quite seriously intended, and quite amply financed -- to realign the parties into conservative and liberal groupings after the 1974 elections -- a prospect, should it flower, fraught with countless unknowns for the future of our political system. Be watchful of this, and be prepared to have to deal realistically with it come Springtime 1975.

So -- mood indigo? Why waste it on yesterday, when we have tomorrow?

Gentlemen, I have been gratified to be able to report business advances of real substance this past year.

Now, I must ask Dr. Walker to indulge me the impudence of editing the first sentence of his report of five months ago. Rather than asserting, as of last May, that “the nation’s business community is in political trouble,” I propose this -- “The nation’s business community, heartened by solid progress in Washington, now enters a period of justifiable concern. It remains

confident, however, that by redoubling its efforts, by speaking up and speaking out, by strengthening its unity on major public issues, and by continuing to assure economic growth and progress, things will be brought out right in the end.”

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