

REMARKS BY BRYCE N. HARLOW
AT THE
BUSINESS GOVERNMENT RELATIONS COUNCIL ANNUAL MEETING
THE HOMESTEAD, HOT SPRINGS, VIRGINIA
FRIDAY, SEPTEMBER 16, 1977

BGRC Annual Meeting
The Homestead, Hot Springs, Virginia
Friday, September 16, 1977

Good morning, good friends ---

To give us a lift, to open your eyes, let's start with a rhyme -- so listen, you guys:

Cheers, m'dears,

And cheers, peers;

And cheers to our Betters

Who honor us here.

Shake off your languor,

Prepare to emote,

Good fortune betides you --

Here's your Keynote!

It'll sound us a bell tone;

Its pitch and its key,

Will lift us all upward

Federal-ly!

So isn't it dandy,

Isn't it nice,

That BGRC

Has diminutive Bryce?

Okay, you can all relax now. As a lovable square in the Oval Office used to say, I'll "garantee you -- no more doggeral. It's a drag anyway. It's hard enough for you buccaneers of Burning Tree, the Carlton Club and BGRC to make your stuff parse, much less get it to rhyme.

We were just reminded of the theme of this year's coming together. Most likely our children would have phrased it differently. They would call it, "How to make out in a political cockpit."

My chore is to embellish that theme for the divertissement of a delicately balanced punditry -- four men formerly daunting in their public power and still today towering in prestige -- four men steeped in experience and of sparking intellect -- who will rend, tear and refashion all that I say right after I finish. And then, you see, after they and others to follow have upgraded the Harlow dross, on departing this spa Sunday morn we shall not resume lives of quiet desperation -- rather, we shall go our ways buoyant, strengthened by new knowledge, heartened with new insight, inspired by new vision, and radiant with new hope. That, at least, is the dream of your devoted Program Committee, to be fondly remembered by us all as Rice's paddy.

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Now, before daring cosmic thoughts of our very own, it is only proper, and assuredly it is prudent, to beseech guidance from our CEO masters whose fealty to free enterprise gleams brightly in the liberties freely take with your and my enterprise.

Let's begin with a cherished friend of all of us -- longtime Alcoa chairman and papa emeritus of the Roundtable, John Harper. About a year ago he wrote that whenever business gets in trouble, the first thing it does is to look around for enemies to blame it on. But, he said, our enemy is not government, nor is it unions or youth or consumerists or environmentalists, and certainly it is not the process of change -- rather, in Harper's words, "For the corporation, as for

all institutions, the enemy is within. It is in our own narrowness and parochialism, in our own complacency and isolation, that the real enemy lies.”

Well, maybe so. At least that sounds good. But hold on. Another esteemed friend, in a Three Star Extra pronunciamento to the Business Council a couple of years ago, saw it in a very different light. The uncommonly wise Chancellor of the University of Rochester, Dr. Allen Wallis, put it this way:

“What concerns us is a powerful movement away from limited government and individual freedom; and toward pervasive government and collective control of all activities . . . The problem is what Walter Lippman called ‘the sickness of an overgoverned society,’ and the question is, what can we do to cure that sickness? Indeed, the immediate objective is not even to cure the sickness, but simply to slow its advance.”

So our enemy is within, saith Chairman Harper; but no, saith Chancellor Wallis, he’s without.

Which is right? Neither, either, both? It’s important to know. As another friend saidith, we just can’t go on this way, buttering our cake on both sides of the fence.

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So let’s turn to other oracles for what ails us and why. Victor Riesel, a columnist noted for bluntness, says our problem is simple. It’s just that businessmen are politically stupid. He writes, “If American corporations sold their products as ineptly as they have been selling their politics, America’s gross national product would be less than Iceland’s codfish catch.” Plainly Riesel and Harper identify with immortal Pogo, “We have met the enemy, and they is us.”

David Rockefeller, America's bipedal Fort Knox, feels much the same. Three months ago he said many companies still think business and social responsibility don't mix, and this, he says, continues to undermine the public faith in our institutions.

Well, as Mr. Rockefeller was telling us that, a Mr. Paul Weaver was contending in the June Fortune magazine that the "root cause" of all business troubles is that we either can't or won't "stake out a position on the high ground of politics -- the ground defined by the public interest and the basic values of the civilization itself."

Yet, we find another CEO -- this one, John Fisher of the Ball Corporation -- standing up with Allen Wallis. We are in "grave danger of being destroyed," he said, not by our failure to articulate as Weaver said, but by government excesses -- profligacy, punitive taxes, oppressive regulation. Just the other day the Wall Street Journal sounded the same alarm. "Whether private business can survive an ever-expanding intervention in its affairs by government," the Journal said, "would seem to be one of the burning questions of our time." Recently the austere Conference Board reported that in many parts of the world governmental intervention has now reached a "danger point." Not long ago the American Management Association surveyed a large number of American corporation presidents and found two out of three agreeing that "we have reason to be concerned whether the corporation as we know it will survive into the next century."

The embarrassing truth is, not a few observers think we don't give much of a damn about such things anyway -- that we don't really believe in the system ourselves any more. Take our friendly critic, the Journal, again. It says business has got to "decide whether they really believe in the market system" -- and why? Because we go whimpering to government ourselves when we get in a bind, we turn protectionist when foreigners seriously compete, politically we cleave not to principle but to power whether of the right or left, we shy away from public controversy,

and if our choice is living with state and local anarchy versus building a colossus in Washington, big business plumps for the colossus every time. Mr. Kaufman of duPont recently said in effect why worry, because: “We have not had anything resembling a free-enterprise system in this country for at least forty-five years, unless you want to define ‘free enterprise’ by turning the English language upside down.”

Of course, everyone concedes we’ve well nigh immolated ourselves by our own misbehavior. Weaver says more and more of the people simply regard us as “rapacious.” Daniel Yankelovich says, “The factors that precipitated . . . mistrust are really very specific . . . There was strontium 90 in milk, botulism in canned soup, Silent Spring -- it was one thing after another, and it was crystallized by Ralph Nader. The constant bombardment led people to feel that business was perfectly willing to sacrifice their health.” Our Chase Manhattan Rockefeller says disclosures of corporate bribery, illegal campaign contributions and scandal have left business no choice but to “alter dramatically the way it discharges its social responsibilities.”

Four months ago pollster Lou Harris came up with a master study showing us flat out of step with the people. Harris concludes that if we respond slowly, and if we respond grudgingly, to the demands of consumers, and if we fail to live up to consumer expectations, “the call for far-reaching changes in the management and regulation of business may become irresistible.”

Thematically his findings tilt toward Harper and Rockefeller; and now we have to add Irving Shapiro, the rudder and sail of both duPont and Roundtable, who told us last April, “If you want to restore confidence in business we ought to concentrate on what serves the public interest. If we have an accurate perception of that, and can tie our business interest to it, we should be able to bring about political action in this country that will be more compatible with economic realities. . . .”

So there it is, good friends, and how clear it all is. One great leader of our own tells us the enemy is us. A top educator says the enemy is governmental. Another CEO sides with the educator. A journalist says we are just politically dumb. A great financier says we are social Neanderthals. Others say the system is down the tube anyway; still others say we don't care if it is, while pollsters report people as believing we couldn't care less about their well-being, and in any case believing we have failed the system through corruption, greed, and disregard of the public interest.

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Well, with all that in mind, what, pray tell, does it tell us to do?

As to our contemporary problems in Washington, some say it means we must snuggle up much closer to the government and the public interest, or else, as Weaver warned, go the way of New York City.

Others go the other way. They believe we must so equip, organize and conduct ourselves as to bend government more to our views, or else, as Fisher warned, we risk being "destroyed" by the government itself.

The chasm between these views is more portentous for business and for you and me than it may appear. Listen to Howard Harris, Vice President of CPC International, then listen to Bob Bork, the former Attorney General of the United States, and you will see what rides on the decision we make. Here is the way Harris sees it:

"Instead of communicating negatives and reaping a negative image . . . business should be proposing constructive alternatives, offering those amendments, reforms and improvements that business can best provide, and allying itself with everybody's hope for a better future."

As many here know, Mr. Shapiro circulated the Roundtable members with much that same gospel a few months ago. It does sound persuasive, doesn't it? But listen now to the Bork commentary on the Harris line:

“. . . It is as though a large fraction of the community of business leaders wants to make preemptive concessions, as if they meet not to plan a fight against a wrongheaded movement but to discuss how best to negotiate the terms of surrender.

“That attitude . . . will not lead to peace and popularity, much less to reestablishment of moral authority. It will be seen as weakness and will earn only the contempt of the enemies of corporations and capitalism, while leading the large, relatively indifferent majority to suppose that the critics must be right: if capitalism were a positive good and worth defending, business leaders would not be so ready to compromise and, if need be, to capitulate.”

One has got to wonder how we got into such torment in the first place. Let's take a quick glance over our shoulder and see.

Our corporate device is a venerable thing. Originally it let people do just about what they wanted to with their material and human resources, a process and attitude that lasted into this century even in our country. But then came the democratization of our society. Came the broadened franchise, education for all, and surging technology. And then, almost a half century ago came economic cataclysm, out of which emerged a metamorphosis of governmental relationship to the total society.

In the tempestuous New Deal years our virtually sovereign corporations had to come around to the new societal values or go prostrate before the state. It was a roiling time -- very nearly a revolutionary time, as a few here well remember; attitudinally, though, it was not unlike our season now -- regulatory exuberance, business ethical and moral behavior reviled, boards of directors attacked, the private sector beseiged, corporate survival in doubt.

Well, in that cauldron of four decades ago business responded as it had to -- by moving with the moving times. Corporate ownership was democratized. Management deautocratized. Much of corporate life was opened to public view and shed its pretensions. Concern with the hopes and needs of neighborhood, metropolis and state became a way of life at headquarters and plant locations. Management-labor relations gradually evolved from bloody confrontations into a responsible weighing of mutual interests. And so, for these and other reasons our system gradually surfaced from the depths of the early 1930's, but with at least two major differences -- both business and government had become more democratically oriented, and both experienced an historic shift of power away from community and state to the national arena.

This is the process that largely accounts for your and my employment with business in Washington today as well as for there being a BGRC at all. Gargantuan government syphoned big labor and big business to Washington. Then Big Labor launched big politics to exploit newly big Washington. And now, very recently, big business has begun to toy with catch-up politicking -- hence the new Roundtable, hence the upsurge of grassroots capabilities of major companies, hence the influx of new business offices in Washington, hence also this meeting today.

John Harper tried very hard last year to clear away the puzzlement over how all these relationships should now proceed. He wrote it this way:

“It is the duty of management to fight tirelessly against encroachments from any source upon the necessary rights and prerogatives of private ownership and management. It is a misconception, though, to place the corporation in contention with the society over the society’s own changing and evolving values. . .

“Yes, of course, regulation, oversight, intrusions of every kind are restrictive, they are burdensome. Yet such restrictions are not nearly so burdensome upon the corporation as is or would be the loss of the society’s trust. . .”

The Harper doctrine, therefore, comes off bifurcated -- one, continue to fight away against the harmful governmental intrusion that recent history has seen too much of, but, two, make sure that our corporations function not simply as economic institutions but also as social institutions, changing as society changes and working as amiably as possible with government as it tries to respond to those changes.

Well, some here may fault that, but surely we all agree on this: the most meaningful change in business-government relations in decades has been the pellmell governmental onrush into day-to-day business decisions.

Not that regulation is new. It dates back at least to the creation of the Interstate Commerce Commission a century ago. But that was old-style “economic regulation” treating markets, rates, and the obligation to serve.

Now it’s new fangled regulation. It is not economic, it is social, in that it pivots about human welfare. It deals with conditions under which goods and services are produced, and it

deals with the physical characteristics of products. Today we see the new Consumer Products Safety Commission and OSHA, for example, goosestepping about these areas. Yes, as John Harper says, the change is real.

But it is the regulatory bloat that really boggles the mind. From 1970 through 1975 the number of major “social regulatory agencies” went up 42%. Just keeping up with the regulatory flood has become a staggering task.

Last June General Motors said 22,300 of its employees work full time to meet governmental regulations. In 1975 this cost \$940 million -- about \$200 for every GM car and truck sold in the U. S. that year. Other companies have comparable data.

In that same six-year period the number of printed pages in the Federal Register went from 20,000 to over 60,000 and in the Code of Federal Regulations from 54,000 to over 72,000. In 1975 government agencies considered over 10,000 regulations. In these same years -- the “conservative Nixon-Ford years,” I remind you -- 30 important new regulatory laws were passed, beginning in 1970 with such measures as the Clean Air Amendments and OSHA, on through 1975 with the Energy Policy and Conservation Act.

So right on, Mr. Harper -- change has indeed been tremendous, and yes, business has had to change too. But why -- why so much regulatory frenzy so recently? Why so many other basic changes still pulsating in Congress? Why are the changes, year after year, chronically so tough on free enterprise? And should we be concerned mostly with harboring these changes, whatever they might be? Or with where the demands for change come from and why, and what we might do to intercept or modify the changes?

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All of which brings us inexorably to the doctrine of William Baroody -- the doctrine which probes behind the drive for change.

Most of us have listened at least once to a solemn and sonorous Baroody rendition of the John Maynard Keynes statement of 40 years ago: “The ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood . . . Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. . .”

The AEI point is, most significant public programs in recent times have first been scholarly implants by people in academia whose views are hardly those of the NAM, the U.S. Chamber, the Roundtable, or the corporations represented here.

Four months ago Bob Bork explained it this way:

“The hostility that fuels the attack upon corporations arises from an alliance or, perhaps more properly, a congruence of interests and beliefs between socialists, populists, politicians and intellectuals. In that constellation the intellectual class seems the crucial element, for it provides the theoretical apparatus with which the institutions of capitalism are attacked. The academic branch of the intellectual class produces an enormous amount of scholarship designed to prove that free economic and social progress do not work adequately and that government intervention is required. That has a substantial impact on the formation of public policy.”

Well, I haven't the time remaining, and surely not the wisdom, to aggregate these warring notions into a coherent program for us all. Panel chairman Clark MacGregor and his bully boys

can have a great fun with all that. But in these terminal minutes let's whip off a teaser or two perhaps worthy of recollection as the program matures.

First, I do believe we should swing out hard behind the AEI thesis. Business simply has got to stop skittering about like waterbugs on the surface of these problems, and penetrate on down to the fundamentals -- to the sources of the ideas, to the sources of the changes, that year after year drive us out of our gourds and up the wall. We must seek out and liberally support the scholars and the institutions in universities and the AEI kind of private research institutes that are tried and true believers in a market-oriented economy and American capitalism. If we fail in that, probably all else we attempt will in time be unavailing. Allen Wallis, quoted earlier, feels so keenly about this. He said:

“People who believe in a free society, in limited government, in individualism, in private property, in free enterprise, and in the market economy are, with a few notable exceptions, remarkably indiscriminate in their support of intellectual activities, including universities, research organizations, and public information programs. They are at least as likely to support activities that are part of the problem as to support those that can do something about it.”

For 20 years I have heard business leaders and our political friends declaim about this. Seems to me it's high time we straightened us up and straightened it out.

Second, we can surely go with John Harper's twin notions -- fight wrongheaded governmentalism while flexing with social change. I repeat, though -- let's concentrate more on

where and why we have been getting all this hyperthyroid change and do something to intercept or modify that, rather than merely abide whatever changes may come along.

Third, we agree, I am sure -- all of us -- with the Rockefeller-Weaver-Shapiro thesis of sluicing out our own Augean stables, even including a greater willingness to publicly disavow associates who drift from the straight and narrow. The Watergate episode shafted business too, and later revelations of bribery abroad made it worse. If the public comes really to believe we are voracious and venal both, we'll go like the Titanic, not New York City.

Fourth, as we hope and work for a more salubrious national environment, let's not neglect the weaponry of survival. True, we need better peace pipes, but we need better war clubs as well. So let's persist with our hypoed power units in Washington like the Hines CPA group, the fledgling labor reform group, the industrial energy users group, the developing tax reform group, the class action group, the political reform group, the situs picketing group.

These groupings, mostly grassroots pressure cookers, have not been creations of our wisdom or free choice. They have been forced upon us by the virility and virulence of our public and private detractors, driving us from our comfortably irresponsible anarchy into a queasy unity, issue by issue. I say we must do these unifying things more, and we must do them ever better, until they become our accustomed way of life and our anarchy becomes the exception.

Fifth, we can agree, I am sure, with our leaders -- the Shapiros, the Harpers, the deButtses, the Reg Joneses -- that we should strive at all times for friendship-blendship with government instead of blind confrontation. The Shapiro leadership on the incredibly sensitive Arab boycott issue, the energetic Jones effort on tax reform, the early White House consultations in Emmett Hines' CPA effort, the unceasing Roundtable reaching for accommodation on energy -- such attempts to avoid needless bloodletting should continue, and the Roundtable (especially

Jack Post and Walt Hasty, the real trailblazers in the area) deserves our commendation for pressing us hard in that direction.

Yet, I must suggest caution here. There is something beguiling, something flattering, something exciting, something capable of becoming rewarding in conflating and consorting with national luminaries, especially those orbiting the Presidential cosmos. I know -- for I trafficked cynically and successfully in such inducements in behalf of the government for years. A governmental outsider can hardly avoid salivating over anticipated personal as well as business favors when he collaborates with top officials. Business leaders, by and large, are as susceptible to being had this way as other leading citizens are. All of us, therefore, must be just a bit chary of moves which might embroil all of business in governmental machinations in return for real or fancied advantages for this or that leading business or this or that business leader.

Sixth, we business people continue to stumble about unconscionably, if not unconsciously, in the political arena, it seems to me. I trouble deeply over our clumsy, relatively ineffectual performance. We've just got to do better, so I hope Panel Chairman Clark MacGregor, a cognoscente in this field and the U. S. Chamber pundit in politics, will discourse upon it in depth. For my part, I have been urging, as some of you know, support of BIPAC by corporate PACs as well as by our business leadership generally in order to get our collective weight hard behind an ideological reconfiguration of Congress, which the present PAC system, with its built-in bias for incumbents, has great difficulty doing. Unless we improve in this area, our champions of free enterprise in both parties will no longer get mad but will just get even. I have pithy quotations from Bill Brock, Guy Vander Jagt, Senator Ted Stevens, John Rhodes, Bob Michel, Paul Laxalt and others which suggest we had better conjure up something quickly. Some of you folks have better notions, I am sure, but I say this -- let's own up to the fact that our

PACs will keep on defiling the political rug, let's counter by making our PACs put up pennance payments to BIPAC, let's also press our leaders for other BIPAC funding, and in that way at least let's press the Congress once again toward the center of the political spectrum.

Finally, company by company, association by association, we need to drive hard for better grassroot capabilities in order to maximize our collective enormous strength and particularly to undergird the sagging Washington reps, debilitated by various phases of political reform. Done as widely as our reach allows -- with employees, management groups, shareholders, suppliers, sister industries -- we can together weave a grassroots skein that will produce invincible Congressional strength; we need only the will to achieve this in order to prevail even in these adverse political environs. Additionally we need to step up support of key business groups -- the Roundtable, the Chamber, the NAM, powerful trade and professional groups -- while weeding out the ineffectual groups. We need also to stop supporting activities hostile to the free enterprise ethic, as David Packard, Allen Wallis, Milton Friedman and others have long urged. We need to speak out more, we need to stand up with our political friends more, we need to stand up to our critics more, as John deButts has urged; and finally, we must recognize that all we have talked of here is a seamless web -- that business has just got to care enough to move ahead on all these fronts, else issue by issue, election by election, vote by vote in Congress, regardless of the efforts of business mercenaries in Washington, our grand old institution of business will slip ever deeper into the quagmire of Lippmann's "sick and over-governed society."

And my friends, as they say, that gets right to the meat of where we sit.

So think on it.

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