



NEWS from U.S. Senator Bob Dole

(R.—Kans.)

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DOLE TO SUPPORT HUMPHREY-HAWKINS BILL

WASHINGTON -- Sen. Bob Dole (R-Kan.) said tonight that he would support the Senate version of the Full Employment and Balanced Growth Act of 1978, the Humphrey-Hawkins bill, calling it one of the first steps America should take in addressing its unemployment problem.

But, Dole said, he has some reservations over certain measures in the bill.

"In recent days," he said, "Congress has attempted to consider a government program that falsely promises a useful job at fair rates of compensation for every person seeking work. I am talking of the Humphrey-Hawkins bill, a bill, as the Rev. Jesse Jackson has said, that lacks the necessary substance to seriously combat the overwhelming national problem of unemployment.

"I do not believe the unemployment problem can be solved in a meaningful way, if at all, by declaring an open-ended commitment on the federal budget and the American taxpayer. Much too often, Congress is accused of being insensitive to the problems of the disadvantaged when considerations of the budget and of government finances are raised. We are accused of ignoring the 'human variable.' Between those who raise these questions and those who dismiss them, exists a difference of method and theory, not a difference of compassion and concern.

"While I note the weakness and dangers of this bill, I am reluctant to lose the one most redeeming aspect of the proposal -- the focus of congressional attention on this nation's long-run unemployment and other economic goals. I view Humphrey-Hawkins as being only the first of many steps in addressing a serious unemployment problem in this country, a step that should not be considered by anyone as the total solution to our unemployment situation and the balancing of the budget."

Dole said that although programs in the Commerce Department and the Small Business Administration have given some assistance to the minority entrepreneur, the need for improvement is apparent.

To fill that need, Sen. Dole earlier this session introduced the Minority Business Development and Assistance Act, which would mandate by law the development of programs that offer more security and assurances of continuing support to minority businessmen.

Dole spoke to the Greater Washington Business Center Opportunity Trade Fair.



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REMARKS OF SENATOR BOB DOLE

THE GREATER WASHINGTON BUSINESS CENTER

OPPORTUNITY TRADE FAIR

WASHINGTON, D.C.

OCTOBER 12, 1978

It is a pleasure to be here and to participate in the Annual Opportunity Trade Fair, sponsored by the Greater Washington Business Center.

AMERICAN DREAM

The American "dream" has always emphasized the glories and achievements of individual enterprise. Planning, developing and successfully managing a business operation is generally acknowledged to be a difficult and demanding undertaking. However, when a minority entrepreneur enters the field, his problems are often more acute than those of a non-minority businessman.

Therefore, I am gratified to see in recent years a push by the federal government to increase the share of the federal market to minority business. In the last few years we have witnessed an increase in the amount of federal money specifically earmarked for minority business. Since 1969, when President Nixon issued Executive Order 11458, creating the Office of Minority Business Enterprise, a significant increase has been realized in minority contracts--from \$9 million in 1969 to an estimated \$7 million today.

This expansion in minority business operations occurred not only because of growing government interest in minority business, but also as a result of the hard work of many individual entrepreneurs. I further believe that the growing number of minority businessmen and women who are qualified and able to compete for government contracts has, in part, accounted for the increase in contract business.

This is not to say, however, that minority business development in this country is flourishing. One-sixteenth of our total population, approximately 35 million Americans, are black, Hispanic, or of Indian ancestry. The same minority American groups presently own only about 4% of this country's business. These minority owned businesses, in turn, account for less than one percent of our nation's gross business receipts. These facts are hardly reason to believe minority business development and ownership are "doing fine".

MORE NEEDS TO BE DONE

Throughout history, one of the ways in which government has responded to the needs and concerns of minorities and other disadvantaged groups, has been to propose and enact well-intentioned legislation. In many cases, however, this kind of legislation falls short of the implementation stage.

A well-intentioned measure that has failed to effectively reach its intended recipients is Executive Order 11625. In 1971, Executive Order 11625, which prescribed additional arrangements for developing and coordinating a national program for minority business enterprise, was signed by the President.

Specifically, the order states that the Secretary of Commerce, in improving the efforts in assisting the minority entrepreneur, shall:

- (1) implement federal policy in support of the minority business enterprise program,
- (2) provide additional technical and management assistance to disadvantaged businesses,
- (3) assist in demonstration projects,
- (4) coordinate the participation of all federal departments and agencies in an increased minority enterprise effort.

Now I ask you . . . How much of this well-intentioned order has reached you as a minority entrepreneur? I would venture to assume that few have had the benefit of this order. The Administration must begin to recognize its responsibility in effectively implementing existing programs and policies.

Congress must continue to encourage expansion of minority business ownership, it must continue promoting an impulse which is already strong and growing in minority groups across the country. The struggle against poverty and towards self-sufficiency can be best fought by creating conditions which help those caught in the vicious cycle of dependence to establish more self-reliant and independent economic rules.

Although programs such as OMBE in the Department of Commerce, 8(A) set-aside in SBA, and others have provided some assistance to the minority entrepreneur, the need for improvement in the quality and quantity of assistance is quite apparent.

MANDATE OMBE BY LAW

It is this belief that prompted me early in this Congress to introduce the Minority Business Development and Assistance Act. This bill would retain the basic OMBE operational structure, but mandate its existence by law. A statutory basis, rather than an executive order. For the Minority Business Development and Assistance Act would allow development of programs that offer more security and assurances of continuing support to minority businessmen. Yearly concerns as to the continued existence of the program have always had a discouraging effect. In addition, the bill would create a new Assistant Secretary of Commerce for minority business development and assistance; give the Secretary clear-cut authority to make grants for technical and management assistance; and enable OMBE to provide legal services to minority business, and tuition assistance for the training of minority businessmen and women.

During the 95th Congress, I twice requested the Committee on Government Affairs to hold hearings on this bill at the earliest possible date. With only two days remaining in the 95th Congress, there is obviously no chance for Congressional action this year. I am hopeful, however, that Congress will act on this bill upon reintroduction in the 96th Congress.

It is my intent, during these hearings, to address one of the most pressing problems facing minority businessmen--the inability to obtain adequate financing to sustain a business, the lack of business training, and the lack of market development for goods and services. I am hopeful that many present this evening will participate in these hearings. Your knowledge and first-hand experience will certainly contribute to strengthening the effectiveness of the Minority Business Development and Assistance Act.

I would point out that the bill is neither complex nor extravagant. It provides simple basic programs aimed at expanding minority business opportunity. The key, as far as government is concerned, is opportunity. The rest is up to the individual entrepreneur. Opportunity to begin on an equal footing with other businessmen is all that government can give. The ultimate fate of each new business depends on the owner of that business. It depends on whether he or she can offer a product or service that the community wants and needs, and whether he or she can do what is necessary to compete profitably in a free market.

FEDERAL PROGRAMS ASSISTING MINORITY FIRMS?

Existing minority business development programs were generally created in response to the report on the Commission on Civil Disorders issued in 1967. This report showed that minorities had not yet become part of the enterprise system. They enjoyed no appreciable ownership of small businesses and did not share in the community redevelopment process. The report, therefore, recommended that steps be taken to increase the level of business ownership by minorities so that they would have a better opportunity to become an integral part of the free enterprise system.

In response to this recommendation, a variety of programs were developed by the federal government. One which is of particular interest and concern to me is the 8(A) set-aside program.

THE 8(A) PROGRAM

While I have long supported these and other aids in developing and expanding of minority business, I have increasingly become concerned with the potential dangers of a controlled marketplace, such as the 8(A) program. Let us take a look at what the 8(A) program has done for the development and expansion of minority business. About 5 percent of the 8(A) certified firms have graduated from the program to date. Why? Because it is very difficult to leave a non-competitive, business environment for an intensely competitive business environment.

8(A)'S FIGHT TO STAY IN 8(A)

My concern is that if these 8(A) firms were to go out on the competitive market, many would fail, as they have not prepared themselves for competition and growth. I cannot emphasize strongly enough the need for preparation. Minority businessmen must plan and develop financing, evolve management, and embrace goals grounded on the reality of business, the markets, and technology. Critical to all of this is the development of minority enterprises which have built strong organizations and are capable of competition and growth in the free market.

GOVERNMENT ROLE

I do not want to leave the impression that there is no proper problem-solving role for the federal government in the vexing issues which have just been highlighted. Our government must be responsive to its people. But it must also be careful not to over-promise, to become an end unto itself, to direct people's lives, rather than giving them the opportunity to achieve their own goals and to make their own decisions. The important issue is not so much the quantity of these programs but the quality.

GOVERNMENT SHOULDN'T OVER-PROMISE

A government program large enough to guarantee success would be so cumbersome that it would necessarily restrict our freedoms. A government sufficiently extensive enough to provide everything must necessarily call back nearly everything in taxes to pay for what it is providing. As business people, you most of all, do not need to be reminded of what tax increases can do to a business.

In recent days, Congress has attempted to consider a government program that falsely promises a useful job at fair rates of compensation for every person seeking work. I am talking of the Humphrey-Hawkins bill, a bill, as Reverend Jesse Jackson has said, that lacks the necessary substance to seriously combat the overwhelming national problem of unemployment.

First of all, let me say that I would like nothing better than to see unemployment of 3% or less throughout this country. But I, for one, do not want to set an irrevocable course of 3% unemployment if with it comes a 10% inflation and a multi-billion dollar budget deficit and other as yet unknown economic side effects.

I do not believe the unemployment problem can be solved in a meaningful way, if at all, by declaring an open-ended commitment on the federal budget and the American taxpayer. Much too often, Congress is accused of being insensitive to the problems of the disadvantaged when considerations of the budget and of government finances are raised. We are accused of ignoring the "human variable". Between those who raise these questions and those who dismiss them, exists a difference of method and theory, not a difference of compassion and concern.

While I note the weakness and dangers of this bill, I am reluctant to lose the one most redeeming aspect of the proposal--the focus of Congressional attention on this nation's long-run employment and other economic goals. I view Humphrey-Hawkins as being only the first of many steps in addressing a serious unemployment problem in this country. A step that should not be considered by anyone as the total solution to our unemployment situation and the balancing of the budget.

There are a number of areas where responsible government programs--programs which ultimately put their faith in the private sector rather than the federal government--could be beneficial not only to minorities but to all Americans.

CORPORATE TAX RATE

I have long supported decreasing the corporate tax rate for businesses, a decrease that would hopefully relieve some of the tax burden on small and minority businesses and allow more minorities to set up businesses and generate the needed capital to stay in business.

EMPLOYMENT TAX CREDIT

In the area of unemployment, I authored as early as 1965, an unemployment tax credit bill. This jobs tax credit gives an employer a special tax benefit if he hires low-income persons who have been unemployed for fifteen weeks or more. Programs of this type can be more effective in combatting unemployment than the massive public works and public service jobs bills that have been enacted.

It is these kinds of measures that more effectively promote the establishment and expansion of minority businesses while addressing another national concern and problem: inflation. I do not believe we should fight inflation by placing arbitrary restrictions on the private sector, rather we should reduce unnecessary government regulations and red tape and encourage private enterprise to operate more effectively by letting the system reward efficient operation with reasonable profit.

This, I believe, is the proper role for the federal government, and I am pleased to note that the Office of Minority Business Enterprise, through the Greater Washington Business Center, is consistent with this philosophy.

It is with special pleasure, therefore, that I commend OMBE and GWBC, and in particular the individual businessmen and women for the fine efforts put forth in helping develop and expand minority business.