

Security Disability Insurance Program. Should we reduce benefits across the board? This would reduce benefits for people in real need as well as those whose benefits are excessive...Should we tighten eligibility requirements? This would leave some people who truly cannot work with no wage-replacement insurance at all...

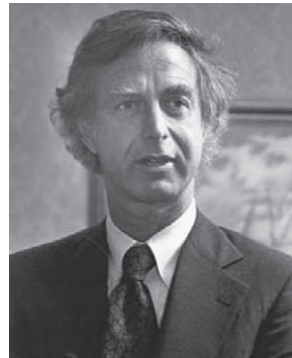
“As I mentioned, some 40 percent of those presently receiving disability insurance under Social Security do so because of cancer or heart disease, and an additional 3 to 5 percent receive benefits as a result of bronchitis or emphysema. Payments due to these diseases total more than \$5 billion. At least \$1 billion of that \$5 billion expense is directly attributable to cancer, heart disease or respiratory diseases related to cigarette smoking. We could, in other words, eliminate some \$1 billion in disability costs if we could persuade people not to smoke.

“Yet, as you are doubtless aware, HEW’s efforts to inform the American people about the hazards of smoking has run into singularly powerful and well-financed opposition from the tobacco lobby...

“The difficulties of public management are real and I do not underestimate them. I believe that we in government have no higher duty than attempting to bring some of these difficult problems under control, or at the very least to make clear to the Congress and the American people the choices that we face, and the implications of those choices. I am determined to do this.”

Arthur Levitt, Jr.:
The Greening of American Enterprise

Arthur Levitt, Jr. was president and chief executive officer of The American Stock Exchange when he addressed The Economic Club of Chicago on February 13, 1980, on the importance of small business to the American economy.



“Many of you know that it was my honor recently to chair the White House Conference on Small Business, the culmination of two years of nationwide meetings, caucuses and discussion.

“Anyone who witnessed the amazing performance of 2,100 representatives who attended that conference would agree that the entrepreneurial spirit in America is still alive and well. Let me explain why.

“First, and perhaps most important, small business people have discovered that congressmen, senators, government officials—even the President of the United States—are willing, even eager, to listen to them.

“Washington has finally heard how important they are to the future of the country. An MIT study completed last year by David L. Birch reported that small business is by far the largest employer in the United States. Sixty-six percent of all new jobs in the United States are generated by small businesses. A National Science Foundation study found that small firms produce 24 times as many innovations per research dollar as the largest firms. The nation is beginning to recognize that the health of the economy, indeed our entire enterprise system, may well be in the hands of the men and women who have put their livelihoods and personal savings at stake to start their own firms.

“Second, vested interests which have splintered the small business community in the past now have

apparently been overcome. Two previous White House Conferences—one in 1937, which ended in fist fights, and another in 1956, which ended in platitudes—were failures. A tremendous amount of planning went into the 1980 conference, but with the demanding voices of women, minorities, veterans and other factions, this conference also could have ended in clashes and conflicts. Instead, to the amazement and delight of all participants, there was a spirit of unanimity and harmony which can clearly establish the basis for a new and dynamic political voice.

“Third, small business people have now exchanged views on what they want to lobby for in the years ahead and they have agreed on their priorities. The legislative agenda for the next two years consists of 15 major objectives agreed upon at the conference. The five priorities, however, which received the greatest amount of support concerned programs to stimulate the financing of fledgling ventures. Clearly, capital formation was regarded by this exciting group of entrepreneurs as the nation’s number one economic priority...

“The American Stock Exchange is the major securities market for the newer, smaller, faster growing, higher risk companies which contribute most to growth. We are the life-support system for the 1,000 middle-sized companies we list and the tens of millions of shareholders who own their shares. So we know about the smaller companies and the kind of economic weather they need to grow...

“History has made it clear that the ill health of small business is usually policy-induced—that the enemy of small business is not big business but big government and the unstable economy that is one of its more unfortunate consequences. In the struggle between titanic government and titanic companies, often based, ironically, on real or imagined abuses of size, the casualties often are the smaller companies.

“A central problem in today’s economy is that measures designed to control the larger and more visible companies ignore the effects on the smaller,

less visible ones.

“We read every day about the insanities this tendency can produce—as when a one-man business is required by law to have a two-way radio...

“We also realize, however, that all regulation is not necessarily bad. No one would willingly return to the days of snake oil salesmen or the free-wheeling financial manipulations of the past. Yet, the rules and regulations that were created to check these types of abuses have themselves grown to the point where they may be worse than the ills they were designed to cure....

“For almost half a century, the thrust of public policy has been in a clearly mistaken direction—stifling, restraining and crippling the enterprise on which our economic vitality directly depends. Now there’s a manifest need, not to stop or slow down that process, but to reverse it...

“The business community has always known that these perceptions were wrong and misguided. For lo these many years however, our voices have gone unheeded. Worse, at times our opinions have been forcefully pushed aside. ‘But the times they are a-changin’ (sic) and I see the changes going on all around us. An emerging majority is forming all around America and is finding its message being listened to at the highest levels of government.

“Ideas and concepts that used to be either misunderstood or criticized have now become more acceptable in the eyes of legislators and the public. The capital gains tax reduction, talk of plans to increase productivity, new thought being given to stimulating savings, allowances for faster depreciation and even a few halting steps at real deregulation are all indications that the process is underway.

“But there is a long, long way to go and there is no assurance that these harbingers of spring will actually lead to a blossoming into summer.

“For that to happen will require those of us who understand the process of growth, and who believe

in it, to make the effort. We must speak out. We must try to lead, to preach perhaps, and to see ever more converts.

“And we must do so without apology, for we know by now that it is the only way to benefit the country as a whole and all of its people, young and old, affluent and poor, urban and suburban, great and small. Inflation has so distorted our tax base that it should embarrass no one to urge a general reduction of almost all direct and indirect taxes. Tax relief is not a selfish luxury, it is a national economic necessity. Ordinary and capital gains rates must be reduced, depreciation schedules shortened and investment credits liberalized.

“The message is clear however: the hour is now at hand when we can begin to think that American’s spirit of enterprise may really green again.”

U.S. Representative Dan Rostenkowski: Fiscal Responsibility and the New Administration

U.S. Representative Dan Rostenkowski was chairman of the Ways and Means Committee of the U.S. House of Representatives when he addressed The Economic Club of Chicago on February 17, 1981, the eve of President Ronald Reagan’s first State of the Union address. His topic, in anticipation of President Reagan’s proposed tax package, was the promotion of long-term economic strength through tax cuts balanced by spending cuts.



“Someone once told me the only way people will believe that you’re as tough as you say, is to go out and break someone’s leg. That’s a lesson I learned a long time ago. Platitudes don’t make the trains run on time, or give a city a triple A bond rating, or give reason to raise a Sears Tower. That comes only when one promise

after another is kept.

“Tomorrow, President Reagan faces the unenviable task of telling America which leg he intends to break. And overnight, idealism will give way to realism in Washington.

“That’s where I come in.

“Raising all Federal revenue and controlling almost half the Federal budget falls within the jurisdiction of the Ways and Means Committee. Just about all the matches are stuck in my shoe. That fact, along with having worked 22 years in Congress under seven presidents, makes Dan Rostenkowski the hardest realist of them all. And the most apprehensive.

“As committee chairman, I want to believe that Congress can rise above special interests. But I only have to walk on to the House floor for confirmation that Congress is a mirror of the nation’s diversity, that the same people who are calling for an end to ‘business-as-usual’ have just quietly tried to tap another spigot into the Federal Treasury...

“I don’t fault members of Congress for defending special interests. I have special interests of my own, like Chicago. That’s what representative democracy is all about: a Congress divided by party, region, ideology, culture.

“That’s the field that President Reagan and I are set to play on. The difference is that he gets to kick off and I get to lead the suicide squad down field.

“Where everyone does agree is that the long-term strength of the economy depends on Congress’ willingness to cut taxes—and to cut spending. The first we can do with ease and speed. The second promises neither ease nor speed. Reality dictates, however, that both be done together.

“Let me say up front, that the Ways and Means Committee will pass a bill to cut taxes for both business and individuals. The outline of a tax cut package has been gradually emerging in Congress