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SOCIETY FOR ADVANCEMENT OF MANAGEMENT

Lancaster PA

Wed 10/19/51

LEAMINGTON HOTEL

MAY 14, 1970

President Jack Wedemer
Chr - David Wise

President
Carl Halgasta
Former V.P. Spec.

INTRODUCTION

You have had Sol Linowitz for breakfast, John Macy for lunch, and now Hubert Humphrey for dinner. That is three speeches in one day from retired Democrats. As this is a management group, I hope this is an attempt to tell us something about your own preference in management! ^{chance} Actually, this mealtime scheduling was not designed to give you indigestion, but only to show you the length to which your government-in-exile will go in order to talk to businessmen when the stock market is less than appetizing!!

If you think that Linowitz, Macy and Humphrey is a difficult diet for a day, consider for a moment what I recently went through in my trip to Israel. I had my breakfast in New York, my lunch in London, my dinner in Tel Aviv, and my luggage in Calcutta.

As management men you will also be interested in hearing about my new discovery when I was in Washington earlier this week!

(Dr. Rabe + Wives)

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I learned that they have developed a new theory of executive communication. It works this way: A high executive seeking to communicate with a still-higher executive sets down his thoughts on paper. His aide then takes this writing to a newspaper. The newspaper publishes it. The intended recipient then reads it that afternoon in the newspaper. In the management textbooks of the future this will be known as the Hickel Plan.

By the way, Secretary Hickel did finally get his appointment with the President. Mr. Nixon wrote him a note saying, "Dear Wally: Of course I'll meet with you. How about 5 AM at the Lincoln Memorial?"

SPEECH NOTES FOR SOCIETY FOR ADVANCEMENT OF MANAGEMENT MEETING

I.

↳ Over the last few decades two opposing cliches about the role of government have grown up. Democrats - to hear Republicans tell it - are in favor of something called "Big Government." Republicans - as Democrats see it - are in favor of "No Government."

II.

↳ But we do not always serve ourselves well by putting partisan labels on political philosophies.

↳ In politics, we would do well to have a "Truth in Labeling Act." For, in fact, Democrats are certainly aware of the importance of working with the great private sector of this nation; we know that is the critical force in our economy.

↳ By the same token Republicans no longer feel that government has no role in guiding the direction of the nation and the economy.

III.

↳ So let's talk about government management today with all the labels removed. ↳ Let's talk about what is wrong now regardless of label, and let's talk about what we ought to do about it.

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IV.

First, any sound strategy for Federal management must start with the idea that government has the moral duty to provide a clear picture of what it thinks is in the public interest. I think the current administration has fallen down on this.

One example: the use of so-called "jawboning" - persuasion

Prices -
Wages

In the middle years of the 1960's the Federal government appealed to both business and labor to hold down price and wage increases. Among a group of 23 selected industrial commodities where "jawboning" was used, this strategy was quite successful. Prices of these commodities went up 1.7 percent per year from 1966 to 1968.

In 1969 "jawboning" stopped, the government said it no longer had the duty to explain what was expected of it. The prices of these same commodities went up by 6 percent in 1969. By comparison, among all the other groups of industrial commodities, prices from 1966-68 went up 2.3 percent, and in 1969, they went up by 3.5 percent. This data, in essence, says that the moral power of government, when clearly expressed, can help in holding down inflation. But if the government doesn't indicate what the public interest is, businessmen cannot be blamed for not acting in the public interest.

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V.

L The ~~Federal~~ government must make it clear to business what is expected of it in other fields as well. There used to be a saying that "The business of America is business". Today it is clear that "The business of business is America". We heard in 1968 a great deal of campaign talk about involving the private sector in the social problems of America. But since 1969 there has been a 'tail-off' in those areas where business was expected most to help: in the NAB-JOBS program, in the Partnership For Housing program, among others.

L The leadership of government has been deficient and the response from the business community has diminished, ~~in other fields as well.~~

as I see it
~~I feel that~~ our national government has ~~shirked~~ *a duty* its ~~duty~~ *can* of moral leadership. This ~~has~~ affected American life on every level - from ~~school~~ *the* quality of Education to the high cost of living. The Silent Majority cannot ~~long~~ endure silent government. Middle Americans cannot be led by mute Americans. If Americans are expected to act in the public interest, their public leaders must at least tell them what they think is the public interest. *at his*

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VI.

↳ Having criticized, what do I propose to do about it? Certainly government must provide moral leadership, but it also must make leadership become policy, and policy become action. ↳ It seems to me the Federal government can, in some senses, borrow some management thoughts from private industry. As private industry has grown it has decentralized. ↳ Corporations have highly autonomous divisions. ↳ Corporate management asks the division to show a profit and places its faith in the Division Head to do the job. ↳ The Division Head has a great incentive to deliver - salaries, stock options, prestige, etc. ↳ Government, too, has grown large. ↳ It is our largest business. ↳ Not only large but much more complex than before. ↳ Paying out veterans' benefits is relatively simple - but how about a model cities program or Manpower training? ↳ Thousands of communities are involved, many programs must be orchestrated, many professional disciplines used, ↳ To cope with modern problems, government, like business, needs both decentralization and a system of incentives.

↳ Government does not necessarily have to show an economic profit - but it should show a social profit.

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The Incentives Proposal:

Key question is how can government guide, coach, and engineer the society to act in certain ways that are in the public interest? We can do this by fewer, not more, rules, regulations and red tape. We cannot legislate Utopia. We must make self interest and public interest coincide.

Wouldn't government operations benefit by allowing the push-pull of the market-place to take effect?

One recent suggestion worthy of study: schools could contract out, on bids, for specific parts of its curriculum, such as remedial reading and science courses. A more radical proposal has already been heard: pay to parents "educational coupons" and let them choose the best schools for their children, public or private. How about public health programs for the poor. Why couldn't a private institution "profit or nonprofit" bid to provide health services for the poor? Maybe they could do it more cheaply, more effectively, more humanely than state public health agencies. Let us seek to design our programs so that our customers, our constituents, get the best deal.

Be innovative
Dare to Experiment.

now a few words about our
Govt system -
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The Decentralization Proposal:

Today our government programs give very little leeway to governors or mayors. They are put in a "take it" or "leave it" situation. They can either approve a flood control program, or not; they can either accept aid to their hospitals or not. But local governments do not have the power ability to say "Well, this year we would rather spend the money from the flood control program to give more help to our hospitals", or vice versa. We ought to consider the idea of changing the executive budget-making process so that it goes through a regional or subregional review. Local authorities would then have more power to direct their own destinies. One thought that has been proposed is particularly worthy of careful study: allowing state and local authorities to switch around ten or twenty percent of the funds designated for their area - trading off flood money for hospitals, if that best meets the needs of their constituents.

} more relevant

VII.

Using these new tools, refining them, we can implement the ideas that will be set out by a Public Policy Commission, that I suggested some years ago.

Goals!
Priority!

Do we Plan Ahead - ⁻⁷⁻ Year 2000

Set out goals for housing, transportation, population relocation, education. Build a better America. The system does work, but we can make it work still better.

Do we Plan

The conflict is not between Liberal + Conserv - Democrat + Republican - but between those who seek to destroy the system + those who want to make it work - to make the changes required

access to Govt -

- (1) Registration
- (2) Campaign financing
- (3) 18-19 yr vote
- (4) Direct election Pres - V.P.

Demands Resp. for Good Govt

Development of Human Resources

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EXCERPTS FOR MEDIA

SOCIETY FOR ADVANCEMENT OF MANAGEMENT MEETING

MAY 14, 1970

I feel that our national government has shirked its duty of moral leadership. This has affected American life on every level - from school quality to the high cost of living. The Silent Majority cannot not long endure silent government. Middle Americans cannot be led by mute Americans. If Americans are expected to act in the public interest, their public leaders must at least tell them what they think is the public interest.

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