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THE UNITED STATES IN A COMPETITIVE WORLD:

AMERICANS ARE CONCERNED

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AT THE CONFERENCE ON U. S. COMPETITIVENESS
HARVARD UNIVERSITY
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Thank you, Dean Fouraker, and good afternoon, ladies and gentlemen.

We are all here today because of our concern over our nation's economic competitiveness -- and, indeed, its economic future. All of us in this room are aware of the disappointing performance of our economy in the last decade. We know productivity is down, our ability to compete has deteriorated, and inflation is higher than it has been in more than a century.

Our keynote speakers this morning ably described the challenge facing us. In many ways that challenge is unprecedented, just as it is unprecedented for a United States Senate subcommittee, Harvard University and the New York Stock Exchange to join together to sponsor this conference.

So there is an aura of concern here today, in this room of opinion leaders, as there should be.

But is there concern outside this room? Do people beyond this center of learning care? Is there a widespread understanding of the economic problems facing us? If there isn't, it won't matter what we agree upon here, for our conclusions will be little more than a footnote for historians of the 21st century.

To get answers to those questions, we commissioned a survey from Garth Associates, a firm with expertise in the political process and also expertise in polling. We thought that solid evidence of the public attitude toward our economic competitiveness was the missing factor in the expanding debate on the issue, and also the key factor.

The in-depth poll, with 103 questions asking for opinions on our economy, plumbed the causes of its problems and possible solutions. The survey in particular sought opinions on how the U.S. economy could be made more competitive internationally.

Just over one thousand people in all 50 states were called by telephone -- by random digit dialing so that even people with unlisted numbers were reached. To get the 1,000 respondents, Garth Associates made about 9,000 calls. The respondents were on the telephone for about 25

minutes each giving their opinions, sometimes answering the same question worded several different ways. The margin of error, I have been told, is plus or minus 3 per cent.

Those who answered comprise a good cross-section of the populace in age, race, education, income, sex, political affiliation, and occupation.

I want to summarize briefly the survey results and discuss their implications for us here and for our counterparts across the nation. A more complete summary will be made available later this afternoon to everybody here, and the data from which the summaries were prepared will be available upon request.

I think the survey results are dramatic, intriguing, provocative and surprising.

The most surprising result, and possibly the most important one as well, is that Americans have a far greater understanding of the underlying problems of our economy than our elected officials and opinion leaders give them credit for.

One of the great strengths of democracy is that the judgment of the people is right more often than it is wrong. And that certainly seems to be the case here.

The people know we are in a crisis. They know our economic problems will be difficult to solve and are likely to persist for a while. They know the causes of our problems are not simply OPEC actions or the cost of energy but are more fundamental. They know that as consumers they have not been primarily the cause of our economic problems. They know our productivity is low -- and has been declining. And they know that our economic problems have contributed to our nation's other problems at home and abroad.

The people are discerning enough, for instance, to know that the U.S. computer and electronics industries remain competitive while the steel and automobile industries have declined in competitiveness.

When asked to name the industrialized nation with the best-performing economy, a solid plurality picks Japan. Only 15 per cent choose the United States. The American people have a better grasp of basic economics than has been thought.

And the public is far more united than has been thought. The majorities behind most of these conclusions are not only large but also consistent through all categories of respondents. Nearly identical responses come from people of every region, education level, occupation, race, sex, income level, and so on. The American people are united in their understanding that our economy has gone awry.

A full 90 per cent, for instance, believe our economy is heading in the wrong direction. And 78 per cent believe that the President and Congress have failed to understand and control the problem. Those are enormous majorities, so large as to approach a national consensus. That is truly an astounding understanding of the theme of this conference.

And the public sees the problem as a serious one. Two-thirds of the respondents think the economy is in a real crisis rather than just going through minor problems. Of that two-thirds, well over half believe the crisis will last longer than three years.

The depth of public feeling on this issue should not be under-estimated. A staggering 87 per cent of our respondents agree that drastic steps to strengthen our economy are needed, or U.S. power will continue to erode. And 83 per cent agree that we need a national plan to mobilize our resources and make American business more competitive with the rest of the world.

That consensus could make itself heard at the polls in November. A total of 49 per cent say a candidate's position on our economic decline would be very important to them, while only 9 per cent say it would not be important. People who should know tell me that politicians willingly take a position on an issue when as little as 20 per cent of the electorate believes it is

very important and when the ratio of favorable to unfavorable responses is heavily on the favorable side. The 49 per cent who believe this issue is very important and the 36 per cent who believe it is important to some degree -- a total of 85 per cent -- make U.S. competitiveness an extremely potent political issue.

There is an almost unanimous view on the part of the public, then, that there is a problem and that it is important.

But that doesn't mean the American people have confidence in any of our economy's major sectors -- government, business, and labor -- to solve our economic problems. In fact, there are large majorities for blaming our problems on all three sectors.

Government seems to be the most unpopular of all.

Almost four out of five people feel that government regulations and red tape have got out of hand. About the same number think government interference in the economy has caused prices to increase. More than twice as many people blame government as any other culprit for our economic problems. While 44 per cent blame government, only 10 per cent blame business, 17 per cent blame OPEC and 19 per cent blame consumers.

That unpopularity is likely to be reflected at election time. Sixty-six per cent say they would be more likely to vote for a candidate who favors reducing government interference in business.

But business, too, is unpopular. An impressive 78 per cent say corporations have acted irresponsibly with regard to profits, and more than two-thirds say large corporations have too much power. A majority sees poor management by large corporations as a major problem, and a narrow majority opposes less regulation of business if the result were less consumer protection.

Although the public is leery of corporate power, it strongly favors the strengthening of business to restore American power and influence abroad. Eighty-four per cent would be more likely to vote for a candidate who wants such a policy for our country. And 51 per cent would be more willing to back a candidate who favors more tax incentives for business.

Unions share the public's indictment. More than two-thirds of the populace think unions have acted irresponsibly in taking more than they deserve -- and even 62 per cent of union members agree with that statement. A majority of the public would be more likely to vote for a political candidate who favors reducing union power.

So there is a consensus when the public is asked to assess blame. That consensus dissolves when specifics are discussed. While 59 per cent believe higher tariffs would make our economy more efficient and competitive, for example, a plurality of 49 per cent recognizes that higher tariffs would not help in the long run.

The implications of some possible actions also trouble the public. As I said, a narrow majority opposes less government regulation if the result is less consumer protection. Likewise, the respondents split down the middle when asked if they would support more incentives for business if one result were higher profits.

I think the lessons of this survey are clear.

The decline in our economic competitiveness is a national issue and one that should be of concern to everyone.

Our nation's opinion leaders, the public is saying, will have to turn more of their attention to our economic problems. We have to expand the debate beyond a few academic journals and the editorial pages of a few newspapers.

The public is waiting for leadership on this issue, an issue that it feels is vital.

But that leadership cannot come from just one sector.

Many of us here have been talking about our declining competitiveness for some time. Corporations devote sections of their annual reports and countless management speeches to this problem. Congress has hosted innumerable hearings. Unions, too, have devoted some of their energies and advertising to spreading their views on U.S. competitiveness. And academia is rife with studies and proposals.

But, as our survey shows, there is no sector of society that the public believes fully. In fact, the poll underlines a widespread questioning of the ability of any of the groups represented here today to face and solve the problems by themselves.

The American people simply don't trust individual groups or sectors on this issue.

As a result, the dialogue on our economic problems has to be directed toward building a national consensus. The future of our country is at stake, after all.

But a consensus can't be forced upon us by any one sector. All of us have to work together to build a consensus. Government, business, labor, academia, consumer groups -- all have to join in a coalition to decide on what we should do and then to make sure that it gets done.

The public is clearly in favor of our cooperating in this endeavor. While 60 per cent in our survey choose government as the economic force that could do the most to turn around our economy, 79 per cent agree that the President and Congress need to cooperate more with business in this effort. Only 18 per cent say they think the President and Congress could change our economic course alone.

This conference is an excellent first step in that direction. As with all good conferences, the most important things that happen here will happen in our interaction with one another, not only during sessions, but also between sessions and after hours. The formal presentations are to start us thinking, to provoke us. But if a consensus is to happen, it will happen as we meet one another and find that we agree on more than we thought we would.

Future forums where government, labor, business, academia and the media converge will also provide breeding grounds for the consensus we need.

We must begin to work together, people from every economic sector, every region and every political background, to deal with the hard questions of how to re-establish and maintain our economic leadership.

Americans seem to understand the issues and trade-offs involved, but they want leadership in developing a coordinated course of action that they can support. That is the present challenge American leaders face.

If our principal economic participants can get together to take collective action and provide leadership, we can stop our economic slide in the shortest amount of time and with the least amount of pain. If we cannot unify, both the time frame and the pain will be greater. That would be a terrible mistake.

Now, at this conference, there is an excellent chance for us to build on an existing national consensus as a basis for developing action alternatives for our nation to pursue.

If we can do it, we can be assured of one thing: the public is waiting to back us up. I thank you.

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