# Speech before the Hilo Japanese Chamber of Commerce

CONGRESSMAN DANIEL K. AKAKA
SPEECH BEFORE THE HILO JAPANESE CHAMBER OF COMMERCE
SUN SUN LAU RESTAURANT
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Thank you very much.

I am indeed both pleased and honored to be your guest speaker today. I welcome the opportunity to share with you my thoughts and concerns for the future of our nation.

While doing some reading recently, I was struck by a particularly accurate assessment of our country's current situation. This is what the passage said: "Our whole system is in disorder; our currency depreciated, till in many places it will hardly obtain a circulation at all; public credit is at its lowest ebb; our army deficient in numbers, and unprovided with every thing; the government, in its present condition unable to command the means to pay . . . "

Imagine my surprise when I discovered that the author of these words was Alexander Hamilton, one of our country's greatest statesmen.

Hamilton wrote these words on August 9, 1781--almost 199 years ago! Yet, these are some of the very same concerns I hear Americans voice today in 1980.

Ten years ago, concerns like these would have been far removed from our minds. Ten years ago, we were still enjoying the power, the ease and prestige of being a nation of plenty.

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As a nation, ten years ago we looked to the future with hope and expectation. While we didn't know exactly what the future would bring, we were certain that it would be good. Visions of economic and political prosperity and national and world peace danced in our heads.

I think you will agree with me when I say that our optimism has been dulled a bit by the course of national and world events.

Certainly we never dreamt that 1980 would be a hallmark year--a year of international crises, of social and political unrest, and of violent change.

We never dreamt that 1980 would be a year plagued with complex economic difficulties. This year, our rate of inflation has been the highest in years. And at the same time, we are said to be approaching one of the deepest recessions our country has even known. As the recession causes our disposable income to go down, inflation causes prices to go up, leaving us with a "puka" in our pockets where our money should be. All of us already struggle to make ends meet. And yet, some economists say the worst is still to come. All of us already feel the pinch of shortage. For the first time in years, our nation's productivity is down.

Our economy is not the only area touched by the constraints of shortage. As the world's population expands, so do the demands its population makes on our resources.

Again, the net result of this change is that we, as a nation, are beginning to feel the constraints of shortage.

The Earth is filling up. Right now, there are approximately four and a half billion people who live on this planet; every day that figure grows. Every 24 hours another city with a population of 200,000 people is added to this planet. Every five days, the world's population grows by another million people. Every year, the world's population grows by the equivalent of a nation the size of West Germany--that's about 62 million people added to the population of this planet annually.

For a world which is growing this quickly, energy and land are commodities in short supply. Cropland is shrinking. Everyday in the United States, for example, four square miles of our nation's prime farm lands are shifted to uses other than agriculture. Bob Bergland, the Secretary of Agriculture, estimates that one million acres of prime farmland are lost each year--that's a half-mile strip of land which runs all the way from New York to California.

Already, approximately 800 million people the world over go to bed hungry at night. And, the more land the world gives up to urban sprawl, the higher those figures will be.

On the energy front, I don't think you need me to tell you that we are on the brink of a worldwide energy crisis.

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For years, we spent our resources as if there were an endless supply of coal, oil and land. And, when the gush of cheap energy ran dry, we looked to the oil-producing nations of the world to fill our barrels. The political instability of these nations is well on its way to closing the door to that option.

In fact, in 1980, political and social conflicts span the globe. Iran, once a nation of stature in the world, has now been ripped apart by social and political upheaval. Foreign troops occupy Afghanistan. Korea is in the throes of violent civil strife. Turkey teeters on the edge of chaos, beset by monumental economic difficulties and terrifying internal violence. Political assassinations in Turkey average more than eight a day and increase month by month. Thousands of refugees have landed on our shores in a desperate attempt to find a better life. And, members of our diplomatic corps are being held hostage to the will of an erratic political faction.

Everywhere we look in 1980 we see conflict. We see crisis. We see unrest and unhappiness. And we see a general anticipation of a gradual decline in the stature, both economic and political, of our nation.

I, too, am concerned by what we do see in 1981. But, I am also concerned by what we don't see. Again, I'd like to share a thought with you, a thought which Alexander Hamilton articulated many years ago.

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As Hamilton saw it in 1782, the nation was heading toward a crisis. He said: "The more I see, the more I find reason for those who love this country to weep over its blindness." I share Hamilton's concern.

Indeed, our society does seem blind in some ways. It sees its problems clearly, but these problems are extremely complicated. And their root causes run deep.

In the past, I think that we in this country have had a tendency to fix on the visible effects of our current problems. We have had a tendency to ignore the root causes of our problems in looking for solutions to our nation's economic difficulties, for example. We have had a tendency to look for easy answers.

With simple solutions, we can, perhaps, curb the effects that economic instability may bring to us, but we can never solve the problem at its source or origin.

For my part, I am convinced that the root causes of most of our nation's difficulties lie bound in our attitude . . . toward our economy . . . toward our political and social structures . . . and toward ourselves.

I am convinced that the cure for our nation's ills will be found in the traditional values of the American people. I am convinced that we can begin to solve our problems if we look to the spirit of enterprise and ambition embodied in the founding of this nation 204 years ago.

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Two hundred and four years ago, the Founding Fathers of our nation set forth their values in a document called the Declaration of Independence. They had the wisdom and the foresight to know better than most, the ultimate reward of conservation, self-reliance and initiative.

They had the wisdom to know that where conservation, self-reliance and initiative are found, so too is productivity. In short, they had the wisdom to know that productivity is the key to success.

I don't think that there is a person in this room today who would not label that conclusion as an obvious one. As leaders of the business community, you know that no enterprise, no matter how great it may be, can survive without productivity . . . without that special combination of self-reliance, conservation and initiative so important to our heritage.

And yet, it seems to me that, as a whole, we have forgotten our origins.

You, more than any other group, know the virtues of self-reliance. Self-reliance enables you to build a firm foundation for your businesses. It enables you to be less subject to economic variations and fluctuations in the marketplace. And, self-reliance enables you to focus on productivity. Good business needs a stable and predictable environment for success.

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The greater the degree of self-reliance a business has, the less it will be affected by wild fluctuations in energy prices and interest rates.

In Hawaii, of all places, we need to expand our sphere of self-reliance, for our island economy is especially vulnerable to fluctuations in the marketplace.

As businessmen, you also know the virtues of conservation. Conservation gives you a measure of control over supplier prices. Conservation means that you can stretch out your supply of scarce resources. And conservation means that you can plan ahead for the availability of those resources.

Imagine, if you will, the dismay of some of the companies involved in the production of electricity. First they were asked to switch from coal to oil . . . then from oil to nuclear power . . . and now . . . well now, there is a trend which reverts to the use of coal again. Can you imagine being forced to try to run a profitable business under these circumstances?

Conservation and resource planning are essential to the well-being of any enterprise -- whether it be a small store or a giant of industry. This is especially true in Hawaii, where local resources are scarce and transportation costs are in a constant state of fluctuation.

For years, some have ignored the basic principles of conservation. For many years, many have thought that economic development is strictly proportional to energy consumption.

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The fact is that recent trends in economic development no longer support the notion that continued economic growth necessarily implies expanded energy usage.

I believe that one of the steps to solving our nation's economic woes does indeed lie in the area of conservation--conservation of energy, conservation of resources and fiscal conservation. Although conservation and self-reliance are conditions necessary to productivity, they are not sufficient conditions. Without initiative, a high degree of productivity remains just a dream in the minds of presidents.

Initiative means discovering and developing new markets, new production strategies and new labor incentives. And, initiative means delivering a product or a service at a competitive price.

A prime example of what happens in the marketplace when a company fails to exercise the initiative necessary for success is the example of what recently happened to the United States watch industry. Last year, 275 million watches were sold around the world. Four years ago, Japan and Hong Kong together had approximately one-fourth of the world's watch market. The United States had somewhat less.

Four years ago, a U.S. company, Texas Instruments, had the technology to make electronic watches cheaply. Unfortunately, they failed to analyze the market properly.

Another U.S. company, Timex, had the marketing network and the distribution expertise, but did not take the technology seriously. Apparently, Timex believed that traditional watches would continue to dominate the market.

The result of this lack of American initiative and foresight is that, in 1979, factories in Japan and Hong Kong made and distributed nearly half the watches sold in the world market. And, an increasing number of all watches made and sold were digital watches.

In four short years, Japan and Hong Kong almost doubled their market share, thanks to their ambition and initiative in the business world. For the United States, this has been a missed opportunity.

Missed opportunity, however, is not only the cause of our declining productivity. We should also draw our conclusions from Chrysler Corporation's recent financial crisis.

What happened to Chrysler Corporation was a result of bad judgment, of bad market analysis and of a shortage of capital due, perhaps, in part, to the government's over-burdening of the auto industry by federal regulations.

I supported federal assistance to the Chrysler Corporation, because I feel that the company should be given the opportunity to reevaluate its priorities and to set new ones. I do not, however, believe that this kind of action should set a precedent for federal protection of industry.

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The federal government simply cannot bail out every company which loses the ability to compete in the marketplace. The ability and willingness to compete is the heart of initiative. As Henry Ford once said when referring to the auto industry: "This is a can do industry."

An industry which loses its ability to compete will find it very difficult to get it back. A non-competitive industry cannot be a profitable industry. Let those who doubt look to the state-controlled economies the world over, and compare them to the free ones in terms of exports and standards of living.

A state-run economy is a failed economy. And, the U.S. economy is not a failure . . . yet. We in the United States have built the most powerful economy in the world. I think we should keep it that way.

We will only be able to keep our society productive and our economy healthy if we look to our common heritage . . . of self-reliance . . . of conservation . . . and of initiative. Productivity is a direct result of these three factors; it is to productivity we must turn to maintain our standard of living and our national security in the troubled times ahead.

The bottom line is that business and its leaders must be the cornerstone on which the wealth of our society is built. Government can help where it can, but prosperity for our people will come from our business activities.

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Prosperity for our people can only come from self-reliance, conservation and initiative.

In the years to come, the economic health of this country will depend more and more on people like you. Our nation's economic health depends on the exchange of information between business people and coordination of that information with our economic planning.

Groups such as yours are vitally important to the economic welfare of our country. Groups such as yours have contributed greatly to community welfare all over the United States and in many ways.

We in Washington must listen carefully to the voice of business. We must assist business where we can. Where we can't, we must vow to leave business alone. Above all, we must not obstruct the conduct of trade by over-regulating the business community. I'm sure you'll agree with me when I say that over-regulation of business by the federal government can certainly put a strangle-hold on business.

The federal government can, as in the case of Chrysler, lend a helping hand where absolutely necessary for our nation's economic well-being. But that should be the limit on federal intervention. The federal government simple cannot operate the marketplace itself, nor can it substitute its own judgment for that of its business leaders.

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As your Congressman, I urge you to take a vital interest in legislation pending before the Congress. I urge you to voice your concerns at every opportunity. Let me know what kinds of legislation I can work on to make sure that you are not adversely affected by regulation. My door is always open to you. Let us work together for productivity and prosperity. Our economy depends on people like you and the spirit of free enterprise and productivity in your blood.

Calvin Coolidge once said: "The business of America is business." Let us work together to keep it that way. MAHALO.