

SOLVING OUR URGENT SOCIAL PROBLEMS

A hallmark of contemporary American society is its inability to adequately face up to serious and mounting social problems. Heading the long list is an education system that has gone to hell. Its deterioration has contributed to an overflowing prison system and the scourge of drugs sweeping the nation. An increasing number of homeless people are roaming the streets; urban and rural poverty are growing with the gap between the have's and the have not's increasing; an eroding quality of living is nagging a high percentage of Americans and the list goes on.

Our nation's main response to the broad spectrum of social problems is to deal with symptoms by providing government dollars for welfare, by individuals and companies contributing and volunteering their services to the United Way and other non-profit support agencies, by building more jails and so on. This, as opposed to addressing root causes, such as inadequate education and training and lack of access to enough meaningful jobs.

While business participation, through volunteering and contributing, is very important, the total resources made

available are much too small to deal with root causes. Also, such actions are not viewed as an integral part of business. As a result, they suffer from lack of continuity only meriting intermittent top management attention and then only in good times. Yet, extensive business participation is critically important to the success of addressing root causes, because that sector is the major source of the resources required, mainly capital, technology and management.

What is needed is the widespread adoption of the strategy where in addition to volunteering and contributing, companies take the initiative, in cooperation with the government and other sectors, and invest, on a long-term profit-making basis, to implement programs attacking root causes. Unfortunately, there is relatively little interest by the business sector in this strategy.

Reasons for low interest include preoccupation by corporate executives in coping with fierce competition in the global marketplace and the relentless pressure to increase quarter-to-quarter earnings to avoid takeover and dismantling by

corporate raiders. Equally important is the lack of willingness by the federal government to assume its appropriate share of the cost, risk and other necessary support for such an approach.

Another, and very real, reason is that most executives fear being viewed by fund managers, security analysts and financial reporters as a do-gooder without sufficient concern for today's bottom line and become a target for ridicule.

I have experienced ~~both~~ as a result of a stream of inaccurate articles during my time as C.E.O. of Control Data and after retirement. Their genesis was the long-term programs such as locating plants in poverty-stricken areas, improving education and in other ways increasing job opportunities for the disadvantaged, ^{these activities} ~~which~~ were planned as cooperative endeavors with government and other sectors and initiated by Control Data.

The most recent example was a grossly misleading article in the June issue of Financial World by Jagannath Dubashi, entitled, "the Do-Gooder," which portrayed Control Data as playing Florence Nightengale to its detriment. At no time did the author visit Control Data. Apparently, he relied entirely on information from earlier stories and reports which contained many distortions. I would have gladly met the author, given the

opportunity. Thus, the ~~discussion~~ of an inaccurate article could have been avoided.

One target for derision was Control Data's poverty plant program, which commenced in 1967. The first plant was located on the north side of Minneapolis in an area which had been torn by arson and riots. The government shared in the employee training costs. The productivity and profitability of this plant and others were equivalent to the best suburban plants. At the same time Control Data's rapidly growing business met employment requirements during a period of scarcity of qualified people in the labor pool.

Particularly pleasing was the performance of the child care center established in connection with the Northside plant. There was volunteer support and funding assistance by the community. Recently, the director of the center during its first ten years, told me that she has kept in touch with many of the families with pre-school children (30 each year) in the center during that period; and she knows of no youth pregnancies or any drug usage or involvement in crime among the children ^{from that group} in later years. Considering that record, it doesn't take much imagination to extrapolate Control Data's experience into a nationwide public/private partnership program to help effect significant and permanent improvement in poverty-drug stricken inner cities at an affordable cost.

The poverty area plant program was the only one receiving a reasonable amount of government support. Unfortunately, federal funding for urban and rural development and other social problems declined under President Carter and all but disappeared during the Reagan Administration. Control Data continued its efforts at a modest level and worked hard to develop government participation. One ray of hope was President Reagan's Private Sector Initiatives Task Force, of which I was a member.

Initially, its focus was exclusively on volunteering and contributing. I tried to get the scope enlarged to include investing in for-profit solutions to social problems. This attempt was unsuccessful. In spite of the lack of government support which greatly limited Control Data's overall effort, an objective analysis will show that there was enough progress by the programs to demonstrate the validity of the public/private partnership for-profit basis with business participation as a better method of solving society's major problems.

President Reagan's Private Sector Initiatives Task Force obviously wasn't the answer as evidenced by continuing growth in major social problems. President Bush's one thousand points of light is essentially the same approach and again is inadequate because of inherently limited resources focused on symptoms.

The choices are clear. By attacking the root causes of major social problems through public/private partnerships, where business participates on a for-profit basis, the most efficient solutions are achieved. Or major problems can be allowed to continue to fester until the politicians respond with government-managed, grossly inefficient solutions, which will take their toll with exorbitantly high taxes and additional burdens on business.

How TO HANDLE
SOLVING OUR URGENT SOCIAL PROBLEMS

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- I. INTRODUCTION
 - A. SOCIAL PROBLEMS GROWING
 - 1. Education
 - 2. Overflowing Prisons
 - 3. Drugs
 - 4. Environmental Degradation

- II. RESPONSE
 - A. CURRENT - TREATING SYMPTOMS
NEED - ADDRESS ROOT CAUSES
 - 1. Public/Private Partnerships

- III. REASONS FOR SLOW ADOPTION OF CORRECT STRATEGY
 - A. FIERCE GLOBAL COMPETITION
 - B. TAKEOVER MANIA
 - C. FEDERAL GOVERNMENT
 - D. TAKEOVER MANIA
 - 1. Lean & Mean
 - 2. Ridicule
 - 3. Boesky Syndrome

- IV. CONTROL DATA EXPERIENCE
 - A. EDUCATION
 - B. POVERTY PLANTS
 - 1. Northside Child Development Center (relate to drugs)
 - C. NEW DIRECTIONS FOR AGRICULTURE
 - D. CRITICISM 4 UNWARRANTED

- V. OTHER PROBLEMS-OPPORTUNITIES

- VI. CONCLUSION
 - A. REAGAN PSI
 - B. BUSH 1000 POINTS OF LIGHT
 - C. NATION WILL RISE OR FALL ON EDUCATION