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LABOR DAY MESSAGE FOR MINNESOTA

by

GOV. AL QUIE

Presented on Labor Day
Sept. 1, 1980
Cloquet, Minnesota

We are here today to celebrate Labor Day 1980. We gather in praise and respect of the heritage of our country's working people. In our state today we are honoring all those Minnesotans who, before us, labored in the fields, the mines, the factories and offices. And we are pausing with a day of rest to honor all Minnesotans who are members of our state's current work force.

Today in Minnesota we have 2,044,600 working people. These Minnesotans work in agriculture, in manufacturing companies, in mining industries, in construction, in transportation, in insurance, in retail and wholesale businesses, in government, in service industries and in utilities.

We have a tremendous work force here in Minnesota. I repeatedly hear about the quality of our workers. Managers of national companies have said to me that their most successful, productive branch offices or factories in the entire country are here in Minnesota. I've heard managers rave about the quality employees in Minnesota.

In Duluth I recently boarded a ship and talked with the captain who told me he has entered no other port in which the people work so hard as they do in the Duluth port. Those incidents are indicative that the people of Minnesota know the work ethic, and that they take pride in their work.

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This sense of pride is also reflected in Minnesotans' high job satisfaction. A state study that showed 61.3 percent of Minnesotans were "very satisfied" with their jobs. This compares to the national level of 46.7 percent. Combining those who are "very satisfied" and "somewhat satisfied," we find that 93.6 percent of all employed Minnesotans are happy with their work. On the national level that figure is 88.4 percent. The facts back up the statement that Minnesota is indeed a good place to live and work.

We continue to add to our labor force in Minnesota. In the last 10 years, from 1970 to 1979, we have seen a 34.6 percent increase in the total nonagricultural wage and salary employees. The most notable change has been in service industries where we have experienced a 64.6 percent increase. Finance, insurance and real estate show a 42 percent increase. Trade (both retail and wholesale) show a 40.5 percent increase. We have also seen substantial increases in manufacturing, construction and utility employment.

However, in late 1979 we began to see a change taking place in our state employment trends. This was basically the result of our unstable national economy. We were experiencing spiraling double digit inflation, followed by a recession.

This inflationary recession is not caused by labor unions, businessmen, bankers, farmers or any other special interest group. I agree with the economist I heard speak at the Midwestern Governor's Conference in Chicago last week. Our inflation is not the result of any of these common scapegoats, especially not the result of labor's efforts to gain reasonable salaries for its members. Instead, as Dr. Beryl W. Sprinkel, executive Vice President and Economist with the Harris Trust and Savings Bank says, our inflation is the result of creating too much money relative to our ability to produce real goods and services. Our current economic headaches are a direct result of federal misunderstanding of economic policies.

In Minnesota, the recession began to take hold in late 1979 and accelerated rapidly between March and June as high interest rates severely affected construction activity and consumer spending for durable goods such as cars and appliances.

This has caused unemployment in Minnesota's durable goods manufacturing industries. Our construction industry also has suffered. And the mining industry has been severely wounded by the national lack of demand for steel. July 1980 figures from the Department of Economic Security indicate that there were 130,200 unemployed people in the state, placing Minnesota's unemployment rate at 6 percent. While the manufacturing employment decline may stabilize, seasonal and economic layoffs in construction and mining industries may mean that these industries will not be so quick to rebound. However, Minnesota is fortunate in that its diverse economy and labor force has kept our unemployment rate below the national unemployment rate, which in July stood at 7.9 percent.

Relief from our unemployment and overall poor economy will come only with strong federal economic leadership. And to that end, we must look ahead with anticipation to the November 1980 election.

Just as the national economy has affected our state labor force, it has also affected our state budget. Faced with a projected \$195 million deficit at the end of fiscal year 1981, ending June 30, 1981, I was forced to announce on Aug. 19 an 8.3 percent reduction in state spending.

In reviewing the state's budget, I chose to do what every person in this state must do when faced with a tight budget situation. I decided to cut back on expenditures. I will not take more money from the working people of this state through increased taxes.

I refuse to increase the tax burden upon our working men and women to deal with a state budgetary problem that can effectively be handled through budget trimming. Furthermore, as some critics have recommended, I refuse to defer or stop the indexing of our state income taxes--a tax cut long overdue.

Indexing must be at the heart of any tax reform plan to help our working people. The implementation of indexing in Minnesota has resulted in the highest percentage reduction in taxes for those in the low and moderate income brackets. This means tax relief for our working men and women in Minnesota.

Indexing of our state income taxes was my number one legislative priority in 1979. I worked long and hard with the Legislature to accomplish this tax reduction. A compromise was reached, and indexing at a rate of 85 percent the rate of inflation was put into effect, retroactive to Jan. 1, 1979. In 1979 and 1980 indexing will save Minnesota taxpayers \$202.5 million dollars. This is money that stayed in the pockets of Minnesota's working men and women instead of flowing into the state's coffers.

Indexing is the state's best course of action to help protect its citizens against inflation. Without indexing, as salaries increased to match the rising rate of inflation, taxes would rise at a rate even faster than inflation. This meant that working citizens were punished with higher taxes just for receiving a salary that had been adjusted upward to meet the rising costs of living.

In announcing the state budget cuts, I presented a plan for equitable cuts in state expenditures. It is my hope that local units of government will take a similar view when they reexamine their budgets in light of my reduction in aids to education and local governments. The reductions I have proposed will represent

only a 5.2 percent cut in the total budgets for schools, only 1.6 reduction for cities and only .3 reduction for counties. It is my belief that administrators of these units of government will be able to readjust their budgets to absorb this loss. They should not have to increase local property taxes, which would be to overload our already heavily burdened state labor force.

Although our current national economic picture has cast a shadow on the employment picture of our state we do have plenty to be thankful about today.

We can be thankful that we are Americans. And that we have our freedoms: Freedom to work where we want. Freedom to join labor unions. Freedom to protest if we disagree with our leaders.

The importance of these freedoms is even more clear today as we reflect upon the turmoil that has been brewing in Poland as the workers of that country strive to have their needs for better working environments and compensation heard.

As we look for an answer to our national economic woes, I believe we must direct our attention to the private sector, which must be stimulated so jobs will be generated again. This means those who are laid off can be hired back. Purchase of American products occur until all the Minnesota steelworkers who have found themselves without a job are back at work again.

Our labor force in this country has weathered many tough times. In the early days of the development of our advanced technology there were critics who said the whole makeup of our labor force would have to change. They said fewer people would be working and unemployment would skyrocket. Those forecasts did not materialize. Today even though we still have too much unemployment, the size of our labor force has continued to grow.

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As we consider our future I believe we can look ahead with confidence. Minnesota has proven it is a healthy, diverse state that towers high above other states in its economic stability and resourceful energetic labor force. Indeed, Minnesota today on Labor Day 1980, stands proud of her working persons' heritage and looks to the future filled with hope and enthusiasm.