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REMARKS AS DELIVERED BY
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BUSINESS AND INDUSTRY ASSOCIATION OF NEW HAMPSHIRE
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Anywhere you look these days, you'll see partnerships springing up. Nowhere more effective than here, amidst the white clapboard villages and gentle mountains of New Hampshire. All of which reminds me of some words written by this state's poet laureate

"The land was ours before we were the land's," declared Robert Frost,
"She was our land more than a hundred years before we were her people..."

"Something we were withholding made us weak
"Until we found out that it was ourselves
"We were withholding from our land of living,
"And forthwith found salvation in surrender."

Ladies and gentlemen: In the years since Frost first read "The Gift Outright" people all across this land have surrendered themselves to the betterment of our country. They have shared generously of their time and talent, their energies and their enthusiasm. They have reclaimed their government, and rekindled the flame of economic well-being. In recent years, they have even managed to re-introduce words to the public vocabulary -- old words, good words -- words like profit, incentive, self-discipline, and enterprise. Certainly no one in this booming region has done more to foster the spirit of enterprise than your own organization. Thanks to this Association, the Governor's Management Review saved the people of New Hampshire up to \$37 million -- saved Uncle Sam as much as \$6 million more.

For you have been frugal in everything but innovation. And your example provides encouragement for those of us who hope to make economic growth in this country an authentic partnership between those who generate wealth and those who regulate the process of its generation. We have heard and we have heeded the message that comes from places like Manchester -- the

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message that there can be no American renewal without an end to government's outmoded and unjustified suspicion of private enterprise.

But there has been a renewal, as welcome as the mayflowers around Laconia and the first strains of Sousa on the town commons from Nashua to the North Country. There is a new attitude in this country, about the role of government and the responsibility of the private sector. Government, we have finally begun to realize, cannot by itself confer either prosperity or happiness. But it can help foster opportunities for both. It can be less intrusive -- and more imaginative, less wedded to the conventional wisdom of yesterday -- and more receptive to the innovative thinking which even now is recasting the economy of New Hampshire and the rest of high tech New England.

A recent description of New Hampshire noted that high technology firms are moving into the state because "it is quiet and leaves them alone to think." It leaves them alone in other ways as well. Your state has no sales tax, and no income tax. Yet your state treasury also has a \$40 million surplus. Forgive me if I infer a direct connection between the two. Meanwhile, economic growth in New Hampshire is phenomenal. In the past two years unemployment in New Hampshire dropped nearly 42 percent, double the national decline. New housing starts were up 90 percent; personal income increased 21 percent. New Hampshire became the second fastest growing state east of the Mississippi.

The same surge of entrepreneurial growth has propelled the U. S. economy through 29 consecutive months of growth. The current business recovery is the strongest in 35 years. Productivity has risen. Inflation is at the lowest rate in almost two decades, and factories and offices alike have created new jobs at the rate of nearly 300,000 for the last 29 months.

Government statistics measure the ups and downs of Gross National Product. But what about our "Gross National Spirit"? Just a few years ago, Public Opinion Magazine reported that the average American believed himself worse off than he was five years earlier. What's more, he predicted life would be worse still some five years hence. A similar survey taken not long ago showed exactly the opposite outcome.

The promise of our economic future is as great as the achievements of recent years have been historic. Working as partners, we have halted our decline. We have rolled back the clouds of gloom, doom, and dismay. But, as the President pointed out in his television address to the nation, our achievements have been cast in shadow by the federal deficit. It's important to be clear about the source of the deficit. It has not arisen as a result of the tax cut. On the contrary, government revenues are actually on the rise. No: The deficit problem exists not because we tax too little, but because we spend too much. For much of this century we have spent without direction or discipline. That must be stopped and stopped now.

When the President announced his "taxpayer protection plan" last month, he said: "It establishes clear national priorities; it keeps what should be kept and it cuts what should be cut." It asks fundamental questions.

For instance, should all taxpayers subsidize the travel of a few? Of course not. So the President's plan will cut federal subsidies to Amtrak which provides only 1 percent of intercity travel and which presently cost taxpayers at least \$35 per passenger every time a train leaves the station. Board the **Montrealer** at Springfield, Massachusetts and take it through the Connecticut Valley -- and you'll take the taxpayers for a ride too -- to the tune of roughly \$105 per passenger.

The need for our spending reduction plan is obvious, but that doesn't mean it won't run into stiff opposition. In fact, it is being debated in the Congress even as we speak. Why? Because it cuts across an array of special interests. It asks all of us for sacrifices at a time when they can most easily be borne -- in a growing economy. It is a reordering of priorities and a return to the basic principles that have worked so well here, in the independent communities of New Hampshire.

In transportation, we are learning for ourselves what you have long known --namely, that Americans and their economy flourish best when freest of government's heavy hand.

Transportation is an \$800 billion industry. My Department alone has a \$27 billion budget. Our responsibilities cover quite literally everything that moves.

The reason for this is obvious. For transportation is a part of the cost of everything companies produce and consumers purchase. However essential transportation may be to our economy, no one wants to pay more for it than is necessary -- nor should they. We expect carriers to operate as efficiently as possible, and shippers to bargain for the best rates. Such goals, we have found, are best accomplished in an economic climate of deregulation. As evidence of this administration's strong commitment, we have already taken most of the steps needed to untangle a fifty-year accumulation of red tape that had been choking our transportation industries and sapping their initiative.

I've long been an advocate of such measures. In fact, I was promoting deregulation a decade ago as a member of the Federal Trade Commission.

It's been a joy to see our theories translated into practice -- especially since deregulation of the airlines has saved the traveling public at least \$10 billion. In the air, as on the ground, a little competition is a good thing -- and a lot is better still, especially for today's air travelers who have a far wider choice of carriers, fares and services than ever before -- including bargain prices in many markets.

Since deregulation took hold, airline service to New Hampshire has increased by 43 percent. United Airlines began round-trip service from

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Manchester to Chicago twice daily last year. Meanwhile, the location and space offerings of your airport make it unusually attractive to developers of future growth.

Come back to Earth, and you'll find fresh evidence of deregulation's successes. As a result of the Motor Carrier Act of 1980 which provided for freer entry into the trucking market, there are now more trucking firms in business than ever before --33,000 in all. While new price and service options have been introduced, long established carriers have become more efficient and innovative. All of these changes are leading to shipping rates lower than they would have been otherwise, and to savings for consumers. The President, as some of you will recall, said in his State of the Union message that we intend to move forward with further deregulation of the trucking industry.

When it comes to rail deregulation, the story is similar. Regulatory reform of the industry was largely responsible for its turnaround even in the middle of the recession. Today, railroads are better able to buy new equipment and maintain what they have. Rail carriers have the ability to change rates and routes to meet competition. Some 30,000 contracts between shippers and railroads have been signed. None of these existed before.

While the transportation industries are moving away from management by federal regulation and into a free market environment, we are also trying to get the federal government out of the business of owning railroads and managing airports.

In 1981 Congress asked that a plan be submitted for the sale of Conrail. In 1982 the Department retained an investment banker to advise us. Last year fifteen bidders were narrowed to six and then to three.

We spent many months measuring the finalists against three criteria. My goal is simple: to preserve the financial strength of the railroad, maintain shipping patterns and maximize return to the taxpayers.

After much consideration, I concluded that Norfolk Southern Corporation best meets those criteria. For one thing, Norfolk Southern was willing to write a check for \$1.2 billion and to be bound by covenants which protect both taxpayer and shipper.

What's more, Norfolk Southern has the highest operating and maintenance standards in the railroad industry. It is committed to running a railroad and running it well -- that is, like a business. And its business management skills are outstanding.

The Justice Department has reviewed the competitive and antitrust issues involved. Its findings are significant. They are these: where there are three railroads there will still be three. There will be no lessening of competition either quantitatively or qualitatively.

Let me be more specific still. My choice was made after the Justice Department indicated that it would only approve the sale if Norfolk Southern agreed to a divestiture of lines serving certain significantly impacted areas.

Recently, Norfolk Southern announced it had reached definitive agreements with the Pittsburgh and Lake Erie Railroad and Guilford Transportation Industries covering divestiture of lines that Norfolk Southern believed would satisfy the Justice Department requirements.

What does all this mean for shippers in New Hampshire? It means they will benefit from the sale of Conrail to Norfolk Southern since it will enable Guilford to offer New Hampshire shippers single line service to Chicago and St. Louis as well as other points in the Midwest and the East. This should result in faster, more efficient service at lower rates to shippers.

These are a few of the reasons why I hope Congress moves swiftly on my recommendation. We have already transferred the Alaska Railroad to that state. We are asking Congress to approve the transfer of Washington National and Dulles International Airports to an independent regional commission.

In all the change taking place in transportation, we have abided by one cardinal rule: safety will in no way be compromised. Our very successful "white glove" inspection of the airlines last year is being expanded to include General Aviation.

We are pressing forward with the National Airspace plan, a \$12 billion program to modernize our airways and double the capacity of air space, virtually "weatherproofing" flight operations, and providing more precise landing systems. For example, the Microwave Landing System is three times more precise. MLS includes three New Hampshire locations -- Manchester, Lebanon and Laconia -- you will be among the first in the country to be commissioned, probably in October of 1986.

Safety efforts in the air are paralleled by a three-pronged offensive to achieve safety on our highways, where 92 percent of all transportation fatalities occur. One, we are rehabilitating our highways and bridges to make them safer. Since passage of the Surface Transportation Assistance Act of 1982, we have doubled funds pumped into state highway construction and rehabilitation. New Hampshire received \$216 million. Two, cars are being designed to include such safety devices as high mounted stop lamps, a very inexpensive light which will eliminate approximately 900,000 accidents and \$400 million in property damages. The third leg of the highway safety triad is behavior of drivers. And here lies our greatest success -- all to the credit of grassroots citizens organizations.

Take safety belts. Public awareness of how vital they can be was intensified last fall, when country signing star Barbara Mandrell was involved in a head-on collision. Metal crashed into metal at a combined

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speed of more than 100 miles per hour. Miss Mandrell herself suffered a broken leg, broken ankle bones, knee injuries and a severe concussion. But she is alive today -- because she was wearing her safety belt. Her two children escaped serious injuries because they, too, were belted. The driver of the other car was not wearing a seat belt. He was killed.

All of which brings me to one of the most successful public-private partnerships of modern times. Thanks to citizen activists like Candy Lightner and thousands of others, tougher laws and tougher law enforcement is ridding our streets and highways of drunk drivers. Thanks to organizations such as the New Hampshire Chapter of the Safety Council, the local National Organization of Women and the New Hampshire Auto Dealers, more drivers are buckling up.

Forward-looking in every aspect of highway safety, New Hampshire has a minimum age 21 drinking law which will go into effect June 1. President Reagan made the decision to provide federal incentives. Then there is your own prize-winning videotape. "Dying for a Drink." This allows students, through video tape, to witness and learn first-hand the process of prosecution and adjudication of a second DWI offense.

Ladies and gentlemen, I came here to seek your continued help in expanding the current recovery into lasting prosperity -- and to pledge that my door as well as my mind will always remain open to grassroots organizations such as this. For I have long believed that before you can lead people, you must first listen to them. Better yet, you must immerse yourself in their values and aspirations, their aspirations and their beliefs. Nowhere can one do that better than here, in the New England countryside where government is still kept close to the governed, and where the spirit of town meetings and house raisings still prevails over the noisy impersonality of modern life.

Not far from Manchester, a stone's throw from the handsome green of Jaffrey Center, there is a white meetinghouse built with the labor of local residents. Out back is a churchyard with the plain white headstone of Willa Cather, a 20th century woman of letters, who was born in Nebraska, later drawn to Greenwich Village, but who had her artistic flowering here, in the shadow of Monadnock. This chronicler of prairie life and individual values choose to be buried in New Hampshire. She asked that some words from her greatest novel, "My Antonia," be cut into the stone that marked her resting place.

"This is happiness," they read, "to be dissolved in something complete and great."

Indeed, let us, too, be dissolved in something complete and great. As we strive to ensure continued economic expansion, the challenge before us is very much in the spirit of Cather's admonition. It will call up all our strength and courage. As the President put it so well, "We stand at a crossroads, the hour is late, the task is large, and the stakes are momentous."

With your continued support, I have every confidence we can seize the moment and make permanent the partnership of free enterprise and a newly sensitized government.

We can place less reliance on a distant government, and more on our own, productive instincts. We can make good on the lessons of Robert Frost's "gift outright" -- finding within ourselves the strength that mirrors these granite hills, planting within our government the seeds of competence and compassion alike. So much of our history has its origins here. So, I'm convinced, does our future.

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