

TALKING POINTS PREPARED FOR
SECRETARY OF TRANSPORTATION ELIZABETH HANFORD DOLE
MICHIGAN/OHIO "WASHINGTON DAY" EVENT
OCTOBER 22, 1985
WASHINGTON, D.C.

BACKGROUND:

YOU HAVE BEEN ASKED TO MAKE 15 MINUTES OF REMARKS FOLLOWED BY 15 MINUTES OF QUESTIONS AND ANSWERS TO THESE \$5,000 ANNUAL CONTRIBUTORS TO THE MICHIGAN AND OHIO GOP. APPROXIMATELY 90 CONTRIBUTORS AND PROSPECTIVE CONTRIBUTORS ARE EXPECTED TO ATTEND THIS ANNUAL EVENT. THE ATTENDEES ARE INDUSTRY AND POLITICAL LEADERS FROM MICHIGAN AND OHIO.

ACCORDING TO THE EVENT COORDINATOR, TIM SPARKS, YOU SHOULD THANK CONTRIBUTORS, STRESS IMPORTANCE OF THEIR CONTINUING SUPPORT AND GIVE AN UPDATE ON TRANSPORTATION ISSUES:

FIRST DRAFT SUBMITTED: 10/16/85. REVIEWED BY HASELTINE AND RANGE.

- * THANK YOU, MARTHA (MOORE; OHIO VICE CHAIRMAN AND COMMITTEE WOMAN).
- * JOY JO WELCOME YOU TO WASHINGTON.
- * FIRST, THANK YOU FOR YOUR TIME, ENERGY AND FINANCIAL COMMITMENT.
- * WANT TO EXPRESS PERSONAL GRATITUDE FOR ALL YOU DO TO MAKE WHAT WE DO POSSIBLE.
- * MOUNTAINEER STORY -- "PRAISE THE LORD, HE'S DONE IT AGAIN."
- * AMERICA EXPERIENCING ANOTHER KIND OF MIRACLE -- REBIRTH OF ECONOMY AND NATIONAL SPIRIT.
- * FIVE YEARS AGO, AMERICA IN ECONOMIC SHAMBLES AND PSYCHOLOGICAL DOLDRUMS.

- * DOUBLE DIGIT INFLATION, INTEREST RATES HIGHEST SINCE CIVIL WAR, LOWEST RATE OF ANNUAL GROWTH OF ANY MAJOR INDUSTRIAL POWER.
 - * ALL THAT HAS CHANGED.
 - * SINCE RONALD REAGAN -- CUT INFLATION BY TWO-THIRDS, HELD INFLATION RATE AT BELOW FOUR PERCENT FOR THREE CONSECUTIVE YEARS, CUT INTEREST RATES BY MORE THAN HALF, AND OVER 7 MILLION AMERICANS WORKING.
 - * MUST KEEP GOING -- UNTIL ALL SECTORS OF ECONOMY EXPERIENCE ECONOMIC RECOVERY AND ENJOY EXPANSION.
 - * THANKS TO PRESIDENT REAGAN, REPUBLICAN PARTY ENJOYING NEW WAVE OF SUPPORT ACROSS COUNTRY.
- (NOTE: MICHIGAN -- REPUBLICAN MAJORITY IN STATE SENATE; DEMOCRAT MAJORITY IN STATE HOUSE.)

OHIO -- REPUBLICAN MAJORITY IN STATE SENATE; DEMOCRAT MAJORITY IN STATE HOUSE.)

- * REPUBLICAN PARTY FAVORS GROWTH AND OPPORTUNITY FOR ALL AMERICANS.
- * IN 1984 ELECTIONS, AMERICANS AFFIRMED DIRECTION IN WHICH COUNTRY IS HEADED -- SIGNALLED FUNDAMENTAL REALIGNMENT -- BROUGHT US CLOSER THAN ANY TIME IN LAST HALF CENTURY TO TRUE MAJORITY STATUS.
- * THIS IS WHERE YOU FIT IN AS CONTRIBUTORS NOT ONLY FINANCIALLY, BUT TO CONTINUE IN YOUR ROLE AS REPUBLICAN LEADERS IN MICHIGAN AND OHIO.
- * MAY SOUND AS IF PREACHING TO CHOIR, BUT I UNDERSTAND THAT WHILE MOST OF YOU HAVE GIVEN GENEROUSLY FOR THREE YEARS, SOME OF YOU HERE TODAY ARE PROSPECTIVE MEMBERS.

- * I URGE YOU TO JOIN AND CONTRIBUTE SO WE CAN CONTINUE SUPPORTING OUR CANDIDATES, ELECTING MORE REPUBLICANS AND TOGETHER WALK THROUGH THE DOORS RONALD REAGAN HAS OPENED.
 - * AM PRIVILEGED TO HELP DIRECT ONE PART OF AMERICA'S REBIRTH -- THROUGH TRANSPORTATION -- OUR ECONOMY IN MOTION.
 - * ELIMINATE NEEDLESS ECONOMIC REGULATION OF TRANSPORTATION INDUSTRIES --NOT TO DEREGULATE OR COMPROMISE SAFETY.
- AVIATION:
- * AIRLINES FLOURISHING IN NEW ERA OF DEREGULATION: NEW CARRIERS OFFERING WIDER RANGE OF FLIGHT AND SERVICE OPTIONS.
- (NOTE: MICHIGAN DEPARTURES HAVE BEEN DOWN -- POOR ECONOMY -- SINCE DEREGULATION.
- OHIO DEPARTURES HAVE BEEN UP 23 PERCENT SINCE DEREGULATION.)

- * ALMOST 1,000 NEW CONTROLLERS BY FY 1987 -- RATE OF 40 A MONTH TO KEEP PACE WITH AVIATION GROWTH.
- * LAST YEAR INCREASED INSPECTOR WORK FORCE BY 25 PERCENT -- EXPECT TO ADD ADDITIONAL 500 AIR CARRIER AND GENERAL AVIATION INSPECTORS OVER NEXT THREE YEARS.
- * "WHITE GLOVE" INSPECTION.
- * GASA, GENERAL AVIATION SAFETY AUDIT: SECOND PHASE FOUND BETTER THAN 90 PERCENT COMPLIANCE WITH SAFETY STANDARDS.
- * \$11.7 BILLION MODERNIZATION PLAN.
- * DOUBLE CAPACITY OF AIRWAYS: APOLLO MAN-ON-MOON PROJECT.

HIGHWAYS:

- * STAA: HIGHWAY FUNDING TO STATES HAS NEARLY DOUBLED; HAVE

REPAIRED 36,500 MILES OF ROADS AND 20,000 BRIDGES IN ALL 50 STATES AND DISTRICT OF COLUMBIA.

- * BY COMPARISON, MICHIGAN RECEIVED \$195 MILLION IN HIGHWAY FUNDS IN FY 1982, AND RECEIVING ALMOST \$358 MILLION IN FY 1986.
- * OHIO RECEIVED \$220 MILLION IN HIGHWAY FUNDS IN FY 1982, AND RECEIVING \$503 MILLION IN FY 1986.
- * DURING TIME OF DRAMATIC INCREASE IN FEDERAL HIGHWAY PROGRAM, FHWA PERSONNEL LEVELS ARE LOWEST IN 40 YEARS. AT SAME TIME, ADMINISTRATIVE "TAKEDOWN" FOR PROGRAM IS REMARKABLY LOW -- ONLY 1.3 PERCENT.
- * IN OTHER WORDS, 98.7 CENTS OUT OF EVERY FEDERAL HIGHWAY TAX DOLLAR PAID TO HIGHWAY TRUST FUND IS RETURNED TO STATES FOR HIGHWAY AND BRIDGE CONSTRUCTION.

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TRUCKING DEREGULATION:

- * FIRST STEP: MOTOR CARRIER ACT OF 1980.
- * NUMBER OF FIRMS GROWN FROM 18,000 IN 1980 TO 31,000 LAST YEAR.
- * NEW PRICE AND SERVICE OPTIONS: CARRIERS MORE EFFICIENT AND INNOVATIVE.
- * HAVE SENT CONGRESS LEGISLATION TO COMPLETE DEREGULATION OF THE TRUCKING INDUSTRY.
- * ABSURDITY OF ICC'S TARIFF FILING REQUIREMENTS: TARIFFS FILED FOR JIFFY POP -- ORVILLE REDENBACHER IS EXEMPT; FROZEN DINNERS ARE NOT EXEMPT, BUT FROZEN CHICKEN AND SEAFOOD DINNERS EXEMPT; RAILROAD TIES SAWED CROSSWISE ARE EXEMPT, RAILROAD TIES SAWED LENGTHWISE ARE NOT.

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- * OUR BILL WILL ELIMINATE REMAINING ICC REGULATIONS OF TRUCKING RATES AND ENTRY AND ALL ANTITRUST IMMUNITY FOR COLLECTIVE RATEMAKING, CARRIERS WOULD BE ABLE TO CHOOSE ROUTES, RATES AND COMMODITIES THEY WISH TO CARRY.
- * SAFETY WILL NOT BE COMPROMISED.
- * REMAINING REGULATION UNNEEDED AND UNDESIRABLE -- PRODUCTIVITY IMPROVED.

HIGHWAY SAFETY:

- * 92 PERCENT TRANSPORTATION FATALITIES; 43,000 DEATHS/YEAR.
- * NEW YORK: DEATHS DOWN 18 PERCENT -- 6 MONTHS -- 97 LIVES.
- * OVER 100 MILLION AMERICANS NOW COVERED BY MANDATORY SEAT BELT LAWS --15 STATES.

(NOTE: MICHIGAN'S SAFETY BELT LAW EFFECTIVE JULY 1, 1985.)

OHIO'S BILL PASSED FULL SENATE AND ONE HOUSE COMMITTEE THIS YEAR, BUT LEGISLATURE "DROPPED" EVERYTHING TO FOCUS ON HOME STATE SAVINGS AND LOAN CRISIS AND WENT INTO RECESS BEFORE FURTHER ACTION OCCURRED. HOUSE RECONVENES NOV. 12. GOVERNOR CELESTE (D) SUPPORTS LAW. OVER 600 OHIO COMPANIES PARTICIPATED IN SAFETY BELT COALITION TO PROMOTE SAFETY BELT USE.)

(NOTE: AGE 21: "TOUCHY POLITICAL SUBJECT" IN OHIO. WAS 1984 BALLOT ISSUE THAT WAS EASILY DEFEATED. LAW IS STILL 19 FOR BEER AND WINE, 21 FOR OTHER ALCOHOL.

MICHIGAN LAW, 21 FOR BEER, WINE AND OTHER ALCOHOL.)

CONRAIL:

- * 1976 -- FROM 7 BANKRUPT OR FAILING RAILROADS.

- * TAXPAYERS SPENT SEVERAL BILLION DOLLARS; PAST FOUR YEARS HAS TURNED A PROFIT.

- * 4 YEARS AGO CONGRESS -- PLAN FOR PRIVATE SECTOR.

- * NORFOLK SOUTHERN -- BEST OPPORTUNITY.

(SEE ATTACHED CONRAIL NOTES, ATTACHMENTS A & B)

- * THANK YOU AGAIN FOR INVITING ME.

- * WANT TO STRESS ONCE MORE THE IMPORTANT ROLE YOU PLAY AND HOPE YOU WILL CONTINUE YOUR SUPPORT TO THE MICHIGAN AND OHIO REPUBLICAN PARTIES.

- * WOULD BE GLAD TO ANSWER ANY QUESTIONS YOU MIGHT HAVE.

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ATTACHMENT A

MICHIGAN CONRAIL NOTE

THE TWO KEY ELEMENTS ARE IMPACT OF SALE ON GRAND TRUNK WESTERN AND CONGRESSMAN DINGELL'S POSITION. GTW ACTIVELY OPPOSING SALE TO NS IN EFFORT TO GAIN ACCESS TO CHICAGO AND ST. LOUIS. DINGELL REQUESTED INDEPENDENT ANALYSIS OF THE SALE FROM USRA, HAS NOT TAKEN POSITION, HAS CORRESPONDED WITH DOT RAISING COMPETITIVE ISSUES, QUESTIONS EFFECTIVENESS OF JUSTICE REVIEW, VIABILITY OF DIVESTITURES, AND IMPACT ON REGIONAL CARRIERS. CSX HAS LARGE PRESENCE IN THE STATE, LOBBIED HARD AGAINST THE SALE. JUSTICE IDENTIFIED COUNTIES OF WAYNE (DETROIT) AND WASHTENAW (ANN ARBOR) AS PROBLEM COUNTIES WHICH COULD BE ADDRESSED THROUGH ROUTINGS VIA TOLEDO.

MICHIGAN DOT AND GOVERNOR BLANCHARD HAVE TAKEN NO OFFICIAL POSITION; HAVE FOLLOWED SALE CLOSELY; MET WITH ALL MAJOR PARTIES.

SENATOR RIEGLE OPPOSES, VOTED AGAINST REPORTING THE NS PLAN FROM COMMERCE COMMITTEE LAST APRIL; IS CLOSE TO RAIL LABOR WHO HAVE REACHED AGREEMENT WITH MORGAN STANLEY ON ITS INTERESTS. TO DATE, NS HAS BEEN UNABLE TO NEGOTIATE AGREEMENTS WITH LABOR. NEITHER SENATOR LEVIN NOR ANY OF THE HOUSE MEMBERS HAVE TAKEN A PUBLIC POSITION ON THE SALE.

DETROIT NEWS AND DETROIT FREE PRESS HAVE BEEN NEGATIVE; CONCERNED WITH SALE AT LARGE AND NOT AS A PAROCHIAL CONCERN; FREE PRESS NEGATIVE EDITORIAL REVERSES THE PAPER'S EARLY ENDORSEMENT OF THE SALE.

ATTACHMENT B

OHIO CONRAIL NOTE

WHILE THERE ARE GREAT BENEFITS TO BE GAINED FROM MERGER, NS WOULD CONSOLIDATE MORE FACILITIES AND MORE JOBS WOULD BE AFFECTED THAN ANY OTHER STATE. COLLINWOOD SHOPS (CLEVELAND) ARE PROPOSED TO BE CLOSED (MAJOR REPAIR FACILITY WHICH CONRAIL HAD BEEN DOWNGRADING UNTIL THEY REVERSED PLAN AND PROMISED TO SPEND \$900,000 TO REJUVENATE IN RETURN FOR STATE'S SUPPORTING AN INDEPENDENT CONRAIL). ALTHOUGH NS ANTICIPATES 1,200 JOBS AFFECTED BY MERGER STATE BELIEVES 800 OF THOSE JOBS ARE IN OHIO. OVERRIDING ISSUE WITH GOVERNOR AND ATTORNEY GENERAL CELEBREZZE IS COMPETITION AND IMPACT OF THE DIVESTITURES ON COMPETITIVE RAIL OPTIONS FOR OHIO SHIPPERS; PERCEIVE GUILFORD ACQUISITIONS WILL NOT PROVIDE EFFECTIVE COMPETITIVE

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ALTERNATIVES FOR SHIPPERS; IN FACT, INTRODUCTION OF GUILFORD INTO OHIO GIVES SHIPPERS NEW OPTION INTO THE NORTHEAST. ALTHOUGH PITTSBURGH AND LAKE ERIE RAILROAD HAS DIM FUTURE UNDER A STATUS QUO SITUATIONS, OHIO DOT AND OTHER POLITICIANS HAVE NOT LINKED DIVESTITURE PROGRAM TO SOLVING P&LE'S PROBLEMS. ATTORNEY GENERAL CELEBREZZE TESTIFIED BEFORE HOUSE JUDICIARY COMMITTEE AND RAISED NUMEROUS COMPETITIVE CONCERNS WITH SALE.

GOVERNOR CELESTE ANNOUNCED SUPPORT FOR MORGAN STANLEY OPPOSITION TO NS; WROTE MEMBERS OF CONGRESSIONAL DELEGATION, ATTACHED A PARSONS, BRINKERHOFF STUDY COMMISSIONED BY OHIO DOT; CLAIMS RAISES CONCERNS ABOUT COMPETITIVE IMPACT OF SALE. SHORTLY AFTER GOVERNOR ANNOUNCED SUPPORT, MINORITY LEADER OF OHIO SENATE

WROTE LETTER TO DELEGATION ENCOURAGING NS SUPPORT. A NUMBER OF TOWNS HAVE PASSED RESOLUTIONS ENDORSING THE SALE.

SENATOR METZENBAUM STRONGLY OPPOSES BOTH PLANS AND IS LAYING GROUNDWORK FOR THIRD OPTION -- NOT SELLING AT ALL. SENATOR GLENN HAS NO POSITION. IN HOUSE, DENNIS ECKART (D) IS THE KEY SPONSOR OF MORGAN STANLEY BILL. OTHER MEMBERS, FEIGAN, DEWINE, APPLGATE, HAVE RAISED CONCERNS, PARTICULARLY WITH JUSTICE'S REVIEW OF COMPETITIVE IMPLICATIONS.

NEGATIVE EDITORIALS INCLUDE AKRON, CINCINNATI, CLEVELAND, DAYTON, LORAIN, TOLEDO, WARREN, AND YOUNGSTOWN. POSITIVE EDITORIALS HAVE BEEN WRITTEN IN ULRICHVILLE, MARION, CANTON AND A FEW OTHER SMALL TOWN NEWSPAPERS.