



U.S. Department of  
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REMARKS PREPARED FOR DELIVERY BY  
SECRETARY OF TRANSPORTATION ELIZABETH HANFORD DOLE  
NATIONAL WHITE HOUSE CONFERENCE ON SMALL BUSINESS  
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I'm proud of the fact that when I served as Assistant to the President for Public Liaison, in the early days of this Administration, we held over twelve meetings between the President and Small Business leaders. Just one of the ideas to emerge from those meetings was strong Administration support for the successful Prompt Pay Act, to expedite payment of government bills to small business and start the meter running on interest. Now that idea was brought to us by small business men and women who were very concerned about the quality, and we've worked with small business both within the Administration and policy council to develop a position to support what the small business community was interested in doing. I am very very pleased that we succeed and I think the government can now do even better. I continue to enjoy working with the small business community. Because some of the best and most original ideas continually come from you.

You've come to the nation's capital at an interesting time, a time when government's propensity to call the shots is being replaced with a new-found willingness to listen. Uncle Sam even coming up with a new noise abatement program -- bumper stickers that say: honk if you want higher taxes. We're also beginning to emulate some of the productive attitudes enshrined in small business. You've all heard about the company that places great emphasis on the can-do spirit. Either you do - or you're canned! Well, for

- more -



too long in this country, taxpayers were forced to foot the bill for a government whose definition of "Business as Usual" translated into the total opposite of what I regard as businesslike. As the daughter of a North Carolina small businessman, I discovered early that long hours, lean budgets, and respect for the consumer were ultimately reflected in the bottom line. My brother John oversees the family business today. And in John, I see firsthand the enduring value of personal as well as corporate imagination, innovation, and the competitive urge to excel.

Now other speakers this week will cite statistics about how many jobs we owe to small business. Or they will point to the latest batch of figures out of the Commerce Department, all those indices by which we gauge current prosperity and prospective trends. I'd like to take a little different tack this morning -- not only because no one should have to listen to leading economic indicators over their toast and coffee -- but because this conference symbolizes a major conceptual change occurring in the USA -- a change from looking to the federal government for answers -- to a focus on the private sector -- where the action has always been. As is often the case, it's a change which took root on main street before reaching Pennsylvania Avenue. It affected our attitudes before our agencies. But at the Department of Transportation, I'm proud to note, we've been listening to --and learning from -- the entrepreneurial sector of American business.

We believe that government and its agencies exist to support the growth of business, not to impede it. We place our faith in people -- people with exceptional drive and the ability to challenge conventional wisdom when the marketplace demands it.

And in a world which seems permanently stuck on "fast forward", we recognize no security without risk and no advancement without competition.

All of which brings me to the transportation field. Overall, it is anything but a small business. Indeed American transport in all its many forms is an \$800 billion industry and it represents about 20 percent of our gross national product. But it is individual firms -- truckers allowed freer entry into a once closed market -- truckers allowed, as a result, to offer shippers new options in service and price -- airlines freed from the regulatory straightjacket which enforced Washington's ideas about routes, tariffs and service -- airlines released to soar into a new, more diverse and more profitable era in aviation -- railroads now able to undertake some 30,000 new contracts addressing the specific needs of specific shippers... These are proof positive that the best economic planners are to be found in company offices rather than Congressional cloakrooms.

Before deregulation, people who had dreams of creating new and innovative services to the public had to be content with their dreams. But after airline deregulation, Fred Smith of Federal Express put his dream to work. With less than \$7 million an initial investment, Federal Express gave birth to a \$4 billion small package carrier industry. How does this relate



to small business? Quite directly -- Federal Express alone has active vendor lists of over 50,000 small businesses.

Deregulation of the transportation industry has been an exciting adventure. It proves there is no limit to the genius of the American entrepreneur. Before deregulation, about 35 percent of the 205 million tickets sold to airline passengers were written by travel agents. This year, 1986, we expect over 80 percent of the 400 million tickets to be written up by the travel agents and the explosive growth in the travel agent industry, composed predominantly of small business, is just one more example of how the private sector reacts when freed from government.

Before deregulation of the railroad industry, there is no question about the fact it was on death's doorstep. Today, the rail industry is as strong as it has been in the last 20 years. Its future is only brighter. This country has the largest railroad industry in the world. Today, over 400 railroads operate in the United States. Did you know that close to 300 of our railroads operate with less than 30 employees? Yes, that's right. Small businesses serve as the backbone of the American railroad industry. And we have not forgotten that, at the Department of Transportation. We have worked vigorously to support the continued growth of short line railroads all over the country through branchline programs where the engineer is the conductor, the brakeman, the bookkeeper, the salesman. Over 100 have been formed in the last 10 years.

Best of all, deregulation has increased profits without decreasing safety. Last year, for example, was the safest year in the history of the American railroad industry.... Each day, a million Americans take to the air on some 15,000 flights -- of which 99.999 percent reach their destination without so much as a minor operational error.

And now, having moved so far, we are poised to take the next step forward -- a bold leap into the heavens. You've all heard about the proverbial fortune to be made, when "the sky's the limit." Well, just a few days ago President Reagan declared that space itself is open for business. Henceforth, NASA will concentrate its energies on payload satellites other than commercial satellites -- on the important cutting edge of research and development, the space station, SDI. Routine commercial satellites will be launched by private sector companies, who, by the way, have been launching for more than two decades for the U.S. government. That opens up a market as vast as space itself for those in private industry, whether major aerospace firms or small parts suppliers.... Privatization among the planets: it's a top priority for me and the Department of Transportation. And it represents the farthest advance yet on the newest of all frontiers.

The technology may be exotic. But the concept is as old as entrepreneurship itself. It's quite simple, really. Freedom works. Freedom to invest, to create, to employ. Freedom to control one's own life and enjoy the fruits of one's own labor. Government was instituted in America to protect such freedoms, and to disseminate its bounties widely as



conscience required. Its dollars -- taxpayers' dollars -- should likewise be distributed fairly. In my own department, that means reviewing all proposed procurements over \$200,000 to determine whether they should be set-aside for small or minority businesses. In fiscal year 1985, 28 percent of all our procurement dollars went to small businesses. In addition, 40 percent of the dollars awarded by large businesses were further subcontracted to the small business community. And final figures for fiscal year 1985 indicate that \$285 million went to disadvantaged businesses, compared with \$148 million in 1980. That's nearly double the 1980 figure.

We've broken records in awarding contracts to small business generally -- we've made a major effort to reach out and assist women in business. When the last White House Conference on Small Business convened, some six years ago, the entrepreneurial audience contained just 12 percent women. This gathering, I'm delighted to report, is 36 percent female -- and all of you are my allies in what I like to call America's "Quite Revolution," that tidal wave of qualified, talented women who are entering the workforce --and the board rooms -- in record numbers.

In the words of the poet, Carl Sandberg, "The Republic is a Dream. Nothing happens without a dream." American enterprise depends on men and women working together -- in this country, we are all entitled to share in the dream. It's a dream -- for more than the love of profit -- serves as a bonding agent for businessmen and women who understand that what affects one part of the small business community affects every other part as well....

I think it's fair to say that taxation is a process that affects us all, and not just on April 15th. Will Rogers used to say that in America, the tax code has produced more lies than anything, with the possible exception of golf. For years, small business owners had to contend with tax disincentives -- with good reasons to sustain bad business practices. Meanwhile, those audacious enough to even contemplate tax reform resembled the swimmer who made it half-way across the ocean -- decided it was too far to the other side -- and swam back to his original point of departure.

This time the American people have no intention of turning back. The momentum for tax reform has taken us more than halfway to our goal already. And small business owners are leading the way.

Lead on, to an America where the highest tax rate is 28 percent; recognizing that over 90 percent of small businesses pay their taxes off of the personal income tax code.... The obvious infusion of capital into the economy is only going to be a plus to the future strength of the American small business. Lead on, to an economy in which entrepreneurs enjoy fresh incentives to create new wealth, new jobs, and a new sense of confidence in American enterprise. Lead on, to a day when you not only make government aware of your problems. But you're a major voice in dictating their solutions.



When it comes to the federal deficit, we solicit your ideas and your constructive criticisms.... My door at the Department of Transportation is always open. So is my mind. Already we've applied many of your suggestions for running the department in a more businesslike manner -- in areas such as cash management and data processing. We've begun to turn over some of our activities to the business community -- through the new government contracting process, and through outright privatization.... For example, we're getting the government out of running railroads as we finalize the sale of Conrail, our government-owned freight railroad.

When it comes to the issues that directly affect the small business community, from liability insurance to the Davis-Bacon Act to international trade -- you must be involved. And while no one pretends that solutions can be forged in the course of the three days, perceptions can be changed, and sensitivities heightened.

You don't have to be an historian -- or a business person -- to understand America as an exercise in risk-taking. More than two hundred years have passed since the men of Philadelphia launched a constitutional enterprise more daring than any the world had ever known. With little thought of material gain, with no guarantee of success, these innovators from an old world in bondage to kings put plow and hoe to the fertile soil of the new world. The seed they planted has yielded a rich crop of human progress. It has advanced the cause of liberty in ways no annual report or federal budget can measure. In the words of Harriet Martineau, a British visitor to these shores in the 19th Century, "America was meant to be everything."...

She still is. For she remains, even now, an alliance of idealists, people who look at problems, and see potential. People who define their mission as being the best in the world, and then share the proceeds that come with individual and corporate trailblazing. In this campaign we are all enlisted. Government included. Working with business, government can help to create new jobs, raise our sights, elevate our spirits. It can encourage men and women like yourselves, people who court change, rather than fear it. It can dictate less, listen more. For its authority does not rest with those who temporarily fill its offices, anymore than its wisdom originates in the language of law or regulation.

This is a week devoted to small business in America. From the grocer down the block, to the satellite high in the sky, there's nothing small about your ambition, your commitment, or your future. In a land of wealth and promise, each day is a fresh discovery, a chance to travel as far and as fast as our sense of adventure will carry us. The Department of Transportation maintains the American road. But you will design it... Good luck -- and Godspeed.