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MINORITY BUSINESS DEVELOPMENT WEEK
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Minority Business Development Week has a very special place in my heart. It is an outgrowth of some of my work as Assistant to the President for Public Liaison in the early days of this Administration. I'm proud of the fact that we held numerous meetings between the President and small and minority business leaders to receive your input as important Administration policy was being developed and hopefully, to be responsive to your concerns and needs.

One result of those meetings was the President's statement on Minority Business Enterprise, which has provided guidance for such developments as MED Week. And Jim Richardson and his staff have done an excellent job in shaping MED Week into more than a time to recognize the contributions minority-owned businesses are making to our economic well-being. You've developed a program to help minorities locate new business opportunities, learn the latest techniques in business management, and expand your network of business associates. This is truly outstanding and I heartily congratulate you.

Another of the ideas to emerge from those early meetings was strong Administration support for the successful Prompt Pay Act, to expedite payment of the government's bills to small businesses and start the meter running on interest on delinquent government accounts. I know we haven't ironed out all the wrinkles in the law, and I believe the government can do even better. But we've made a strong and positive start toward eliminating one of the invisible barriers to minority and small business owners.

And, at the Department of Transportation, I continue to enjoy working with the minority and small business community. Some of the best, most

original ideas come from you. Within the past year I have spoken to the Minority Suppliers Council the National Economic Development Corporation, and other small and minority organizations -- all work closely with corporate America to develop significant minority and women's business enterprise programs. And, I can see by the level of participation in your exhibit area that corporate America understands as we have learned at the Department of Transportation that contracting with minority companies is good business for everybody.

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's even come 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 minority business.

This year's MED Week activities symbolize 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 I believe the action has always been. As is often the case, it's a change which began 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 need the skills and motivation of minority business enterprise.

We also believe that government and its agencies exist to support the growth of business, not 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 transportation in all its many forms is an \$800 billion dollar industry and represents 20 percent of our gross national product. But it is individual firms -- truckers allowed freer entry into a once closed market -- airlines freed from a 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 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. And all of this has benefitted consumers and stimulated business.

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 weeks ago

President Reagan declared that space itself is open for business. Henceforth, NASA will concentrate its energies on payloads 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. 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. It's exciting 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. Its dollars -- taxpayers' dollars -- should likewise be distributed fairly. In my own department, that means reviewing all proposed procurements to determine whether they should be set-aside for small or minority business. In fiscal year 1985, 28 percent of all our procurement dollars went to small business. In addition, 40 percent of the dollars subcontracted by large businesses went to the small business community. And final figures for fiscal year 1985 indicate that \$285 million went to minority businesses, compared with \$148 million in 1980. That's nearly double the 1980 figure.

In fiscal year 1986 approximately one third of all our procurement dollars went to small business. In addition, approximately 55 percent of the dollars to be awarded by large businesses were further subcontracted to the small business community. And that's not all. Our report to the Minority Business Development Administration for fiscal year 1986 indicates that through the third quarter of this year, 19 percent of our direct procurement dollars were spent with minority-owned businesses, and in grants awarded by state and local governments, 11 percent has been contracted to minority-owned firms. I'm proud of these figures because they are among the best of federal agencies.

Yes, the numbers are impressive. But their significance lies in the performance behind them. They tell a dramatic story of your strength, your determination and your ability. They assure equal opportunity in America -- as both a moral imperative and an economic reality. Also behind these figures is the thrust of federal contracting today -- to strengthen minority businesses so they can compete in the general marketplace.

Let me say also that we know you share our concern with the problem of "front organizations." The Department has been working to put a stop to "fronts" attempting to enrich themselves at the expense of the legitimate minority contractor. But it's a tough problem...much more can and will be done. Last year at the Minority Suppliers Council, I announced that I had directed the Inspector General of the Department of Transportation to mount an offensive against fronts with the same determination and vigor that have

assured our success in the campaign against bid-rigging. We continue to devote a significant amount of effort to the investigation of fraudulent disadvantaged business enterprises. We were initial members of a task force effort with the Department of Justice and other agencies which have significant program responsibilities involving disadvantaged business enterprises. The task force serves as a mechanism to select cases for federal prosecution, while also giving guidance on DBE fraud problems to interested parties such as transit groups or state authorities. And state and local governments are playing an important role in eliminating front organizations by tightening their certification processes. In addition, the recently amended Small Business Act establishes penalties of up to \$50,000 or imprisonment up to five years, or both, for misrepresenting that a company is a small or minority concern. We are hopeful that this new law will deter front-related crimes and will give us a specific statute to employ against the people who commit these crimes.

Despite our most dedicated efforts, however, we cannot succeed without your help. No individual or business is hurt more by the operation of fronts than the legitimate minority firms. You are the primary victims. We share a common foe. We must purge them from the procurement process and I pledge to you to continue the fight to eliminate front activities.

When it comes to the federal deficit, we want your ideas and your constructive criticisms... Already we've begun to turn over some of our activities to the business community. And the results are outstanding. For example, in November 1985, the Coast Guard awarded competitively full food service contracts to six firms to operate 12 large Coast Guard dining facilities in the continental U. S. and Alaska. Originally, the Coast Guard proposed to have one contractor selected to provide services at all sites, but decided to allow awards on either a nationwide or individual site basis to increase small and disadvantaged business participation. And by allowing small and disadvantaged businesses to bid on individual sites, we saved \$8 million over the lowest single bid to supply all food services to all sites.

This contract award returned the supplying of food service to the private sector, freed up 220 personnel slots, and resulted in a projected savings of \$36 million. I'm delighted that minority and small business could play a key role in this effort.

All of this progress, and our great hope for the future, would not exist without the growing strength and tireless dedication of minority business enterprise. Your participation is vital and your commitment most impressive.

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

Now, ladies and gentlemen, you don't have to be a 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 government's 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 minority business enterprise 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 and our talents will carry us. DOT maintains the American road. But you will design it. Good luck -- and Godspeed.