

TRANSCRIPT OF REMARKS BY
SECRETARY OF TRANSPORTATION ELIZABETH HANFORD DOLE
KIT BOND RECEPTION
ST. LOUIS, MISSOURI
OCTOBER 23, 1986

I want to thank you very much for that warm welcome and kind introduction. Believe me, it's a joy to be with you tonight and have the opportunity to express my great admiration and respect for Kit Bond, for Carolyn Bond, and of course my strong support and that of my husband Bob Dole for Kit's election to the United States Senate. It's going to be a rousing victory and a team effort. Those of us in politics realize what a great role the South plays -- and believe me it's not easy -- there are a lot of sacrifices involved. I just want to say thank you to Carolyn Bond tonight for the tremendous job she's done.

I spoke with Bob Dole just before I got in and he wanted to also convey his best, Carolyn, and I know he's had an opportunity to campaign with Kit. Bob and I have sort of been like ships passing in the night lately, ladies and gentlemen. It's rare that I even get a chance to speak with him on the phones these days because we're on different sides of the country and it's hard to connect up. But I couldn't help but think back when I experienced my third anniversary as Secretary of Transportation a few months ago to the time when the President nominated me to this job. At that point there were a lot of newspapers and magazines interested in a dual career marriage, which is really not very unusual any more. There are a lot of those all across the United States. But I remember particularly one magazine -- People Magazine -- that we agreed to do an interview with. The next thing we knew, the People Magazine photographer ended up in our bedroom. And there was a picture of the two of us making the bed that went coast to coast in People Magazine. Well, this very irate gentleman out in the State of California, a staunch Republican named H.K. Bates, wrote to my husband and said, "Dear Senator Dole: About that picture of you and your wife making the bed... I am now helping my wife make the bed. Please sir, no more of that domestic cooperation with the Secretary, or you could get us fellas out here in a heck of a lot of trouble. ...Signed H.K. Bates." Bob wrote back and said, "Buster, you don't know the half of it. The only reason she was there was because the camera was there." You know, when I try to help Bob make that bed he gets real fussy and he says, "Elizabeth, you're not turning the corners under right." And I say, "O.K. It is your job."

And though he has been very supportive of my career since back in our dating days, I feel that sometimes he's getting adjusted yet to the dual career marriage. One Sunday night not long ago we had the opportunity to be in the same place at the same time. We'd been to church in Washington and we were browsing through the newspapers and Bob was glancing at the headlines. Then he spotted this one headline that said Dole's position on a particular issue. His brow kind of furrowed and he looked over at me and said, "Elizabeth, what in the world is this? I never said this at all."

This is simply not my position." And I glanced over at the headline and said, "No, Bob, that's not your position. It's mine." He's still adjusting.

There was one thing I was not happy to do in this job. That was to testify in front of my husband. That's kind of above and beyond the call of duty, don't you think, to have to go before him and the Committee and present testimony and have him ask you questions and grill you and all that. Well, before he became the Majority Leader he was chairing the Finance Committee. Sure enough, along came an issue involving heavy truck taxes. We felt that the truck taxes were not fair to the truckers and there should be some adjustment there. Of course, that doesn't mean the Administration should move forward in its position and that meant I should testify. On one part of that particular issue Bob and I disagreed. So I went up to Capitol Hill and you wouldn't believe what happened. The people were lining the halls of the Senate to watch this. Not because they thought I was going to say something fantastic or any of that. It was not because they were interested in the issue. They just wanted to see what in the world this was going to produce with a husband and wife doing combat with each other. So I went before the Committee and Bob was trying to be very professional. That particular day he was very professional. "Madam Secretary, would you present your testimony please?" So I started out and said, "Mr. Chairman, this is a very important matter before the Committee today. I hope that we can soon resolve this important issue in all three houses."

Well, while Bob and Elizabeth Dole may disagree on a little issue here and there, there is one thing on which we both definitely agree. And that is our great respect and our great admiration for Kit Bond and for the tremendous job that he has already done in behalf of the people of this State and our country.

I knew Kit, as Carolyn has mentioned, many years ago when he was Deputy Assistant Attorney General for the State of Missouri. He was doing a marvelous job then. In fact, he seems to excel at everything he does. He was the number one guy in his law school class and at everything he does he rises to the top because he has tremendous talent. He's a very bright and able person. And he's a dedicated public servant in the truest sense of the word. He wants to make that difference -- that positive difference -- for people. He did a very fine job in that position and both of us have a strong interest in consumer issues. He was doing it in the Attorney General's office and I was then at the Federal Trade Commission. We did meet in a number of instances when the Attorney General would meet with the FTC and he was hard at work in those days. But, of course, he has served very ably as your State Auditor and then moved into the Governorship as the youngest person ever to be elected to the Governorship here in the State of Missouri. Also, he was the youngest Governor while he was serving, of all of the Governors in the 50 states. At that time

he immediately rose to the top in a leadership position in the National Governors Association, the Midwest Governors Association and the Republican Governors Association.

Indeed, he showed what he was made of very quickly because he stood up to the tough issues. He took on those hard issues and he went to work solving problems that this State is facing. And it wasn't easy. He was right in there from day one. It's my understanding that he faced a deficit of \$270 million when he became Governor. In short order he, with his management skills, went in there, put the tough problems behind him and began to have a balanced budget. Every year, up to this point, he could present you with a \$300 million surplus. So from a \$270 million deficit to a \$300 million surplus -- that's a pretty darn good record on a key issue. That's what we need in Washington, wouldn't you agree? We need somebody who knows how to do that.

I'm very impressed with the fact that Kit Bond has been tried and tested. He has a proven record. He knows how to take on those tough issues. He can take the heat. He can take on the tough problems. Heaven knows we plenty of them facing us today. There's no question about that. He also is known as the real salesman for Missouri because he's very high on this State. Being a fifth generation Missourian, obviously he knows the State inside and out with his tremendous experience in office and his third term as Governor.

Also, during the time that he was Governor, the automobile production employment number when he came in in 1981, stood at 20,300. When he left office it was at 34,500. Under his leadership, a lot of jobs occurred and he brought industry to the State. Economic development has been an area in which he has been a leader all the way. Those are the kinds of skills, the kinds of experience and expertise that we need in Washington. I'm just delighted to be here and express my strong support and my admiration for a man who has really had a brilliant career because he's still a young man with a great future ahead of him. We look forward to working with him in the United States Senate. Most definitely, President Reagan wants him in the Senate. President Reagan needs him there. Bob Dole, as Majority Leader, wants him in the Senate of the United States.

I wanted to visit for a few moments tonight about a few of the transportation issues because I see a number of businessmen and women in the audience tonight.

* As we wrapped up this session of Congress, we've had an opportunity to fulfill some items on the Reagan agenda. One of them is to get the Federal government out of the business of running the railroads. I'm sure that many of you have followed the sale of Conrail. Indeed, that railroad has been largely marginally profitable and, by their own numbers, will be out into the mid '90's. Therefore, we wanted to have a

buyer for Conrail that would really bring additional volume to its lines, to make sure that that railroad never comes back to the Federal trough. Because you taxpayers have put \$7 billion into it at this point. You deserve the service. For that reason, I selected the Norfolk Southern to purchase Conrail out of 15 different bidders. They had a strong vote out of the Senate. They managed to stop it in the House, primarily in the State of one John Dingell. In addition, they indicated that if there were fundamental changes in the tax laws they would have to reassess their bid. Of course, the tax reform legislation is exactly what happened. So, Norfolk Southern had to withdraw recently. We went to work on a public offering, which would ensure the viability of the railroad by building covenants into that public offering -- that they cannot defer maintenance, they cannot issue more than 45% of their net earnings and dividends. They can spend \$40 million after dividends, with \$500 million in capital every year. So I understand that the legislation that was passed last week in the Congress we have legislation that will provide for a strong, healthy, viable railroad. They will be the largest asset sale in the United States. We will be presiding over that next year. I see some of the businessmen nodding in the back. You know what that means. It means that the Federal Government could end up a minority stock holder. We don't know that the market will accept that much stock all at once. There's also the problem of, depending on what the state of the market is at that time, we may not get as much as the Norfolk Southern would have paid. They would have given us \$1.9 billion cash-on-the-barrel-head the day of closing. So it's going to be exciting and interesting and I hope that it means we can get a really high price for the railroad. But most importantly, that it goes private as a strong, healthy railroad.

- * Another issue that we're ready to wrap up is to get the Federal Government out of the business of running airports. I'll mention this quickly because these two airports are the gateways to the nation's capital -- Dulles and National Airports. National is a national disgrace. We have buildings there that have been used since World War II. We need \$700 million to make this a first class facility. Dulles, the old white elephant that many of you have flown into just took off all of a sudden. It grew more than almost any airport in the world in the last few years. You can't park out there any more. You have to park on the grass. There's no room for any more temporary facilities. We've got to build a mid-field terminal. How are we going to do it with \$700 million need when we're trying to get these deficits down? What we're trying to do is get them out of the government so they can be like all the other airports -- get revenue bonds and operate out of an independent authority. You know, that's been tried eight times since 1948 and never passed either house of Congress. I'm happy to

say that it was a long, long, up hill battle and a lot of energy was expended on the project. We got the votes just a week ago from the House of Representatives. We got 260 votes, so we got a 2-to-1 margin to move them out of the government. That's it. By this time next year we'll (unintelligible). And also, by the way, not only does it save taxpayers \$700 million, but we get \$150 million for the lease and we also get \$37 million for the unfunded pension liability, which the government otherwise would have had to pay. So we save money and we gain money in the process.

* The highway bill. All of you are probably interested in the highway bill because of the money that goes to exactly what you are talking about -- new construction, repair of our infrastructure. Unfortunately, that one didn't make it. It didn't make it for about four reasons. One reason is that the Democrats in the House of Representatives loaded up their bills with \$8.5 billion worth of special projects. That's circumventing the whole process by which we ask the States to set their priorities. And then we follow up with what the states want to do. This goes around that process and slaps a special earmark on certain projects to complete them all with only \$8.5 billion. We're not going to stand for that kind of special earmarking. We're trying to get these deficits down. It's an enormous problem and we cannot just keep giving another \$9 million here or another \$10 million there. The Senate stood up to that. The Administration singled a veto grip(?). The other aspect of this bill, which is controversial, was the 55 MPH speed limit. I don't know how all of you feel about it here, but it's quite a controversial issue at the federal level because the Senate passed legislation to permit the Governors to go to 65 on rural interstates. The House of Representatives held firm at 55. Here they were in conference committee trying to see if they could find some way to compromise because of an amendment to the highway bill. We authorized our highway legislation for the next four years to provide funding for next year. Of course they could not reach a compromise. There are two other issues that are still controversial. One is whether or not the billboard control act should be changed, which would save the Federal Government \$1 billion that we wouldn't have to pay to people who have non-conforming billboards to get them to take them down. The other item was whether or not the states should be permitted to have federal funds and also put tolls on new roads. We feel that that should be permitted, that the states should have that kind of additional ability to raise funds for their highways. There was controversy on that. Somehow or other all those issues have to be worked out early in the next session so that you can get some highway money. Because you don't have any at this point beyond what you already got for the last fiscal year. We also tried to get temporary legislation which would provide at least some emergency funding. We said, look, let

the states pool their unobligated categorical funds and use them however they want. That would provide \$6.2 billion until we get a highway bill in place. The Senate passed that. The House did not. We're just stuck now until Congress comes back and we can run this through again.

* I'd like to make one other comment. This is an exciting area which I want to share with you because I think it says so much about the future of our country and where we're headed. It's a great opportunity that we have. I was visiting with my mother recently in North Carolina and she said, "I can't believe my daughter's in space transportation." She's 85, and she said, "When I was a youngster in Salisbury, North Carolina, we thought going to Salisbury State, 27 miles away, was quite a trip." So they traveled by horse and buggy. And so, from her childhood, traveling by horse and buggy, here we are at present flying to Tokyo in two hours from Dulles Airport, after we've renovated it. It's incredible how much has happened in a short amount of time. Our job, at the Department of Transportation, is to get the private sector get moving in the area of launching routine commercial space. The shuttle has been carrying up these satellites. It's really been a problem in the private sector, who are not going to move out and put tens of millions of dollars into developing this area if they have to compete with Uncle Sam because the shuttle provides a 40% subsidy. When the Challenger accident occurred, that tragedy, then it was clear to everyone that all the eggs should not be in one basket. There is no private sector to launch satellites like telecommunications satellites. This is all being done by the shuttle at a 40% subsidy. We're putting pressure on the shuttle that the shuttle ought to be utilized for the research and development, the cutting edge, exotic, important missions like SDI, space stations, manned stations. Not these routine things that could be done just as well, more at cost, by the private sector. This is a pure case of privatization. We have won our battles within the Administration a couple of months ago. The President gave a clear signal that the shuttle will off-load the routine satellites. The private sector is already gearing up. In fact, Martin Marietta has already signed the contract with Federal Express, to launch their telecommunications satellite in about 30 months. (unintelligible) have been doing it for the government for many years -- for 26 years -- and at a much higher reliability rate than (unintelligible) for example. Once again, this is something on the horizon that is enormously important to the country. Pharmaceuticals in space. All kinds of things are going to be happening very rapidly. Our responsibility will be to set the safety standards for launched flights. So the private firms can have their own launched flights and launch these satellites. This is an exciting time. There are a lot of challenges. Much has been done and much remains to be done.

I want to deal with just one other area quickly to show you how very, very important it is. I'm sure you already know this, but let me just mention this area, how important it is that we keep the Senate of the United States -- that we have a majority working with the President to achieve the kinds of things that I've been talking about tonight. Believe me. We couldn't have done it without a strong Republican Senate and without people in the House who shared our philosophy. In fact, we beat back by just one vote an effort to re-regulate the railroads as an amendment on the Conrail sale bill. We also beat back labor protection on the Short Line Railroad, which would have absolutely been disastrous for service. We did it by one vote (unintelligible). We had one extra vote, of course who shared our philosophy. So I can't tell you how important and how crucial it is at this stage of things. This is a historic election. It really is. If we don't keep that Senate everything will unravel very quickly over just a few months time. We talked about privatization. Conrail, for example, is a flagship. Now that it's going to private you can expect to see a lot of other things happen in the Reagan Administration on privatization and deregulation. But not if we don't keep the Senate. I can really see things really changing for us. When I think back to the time when President Reagan only five weeks into his Administration, he stood up to the tough issues too. And he said, "I'm going to turn around this economy." And he laid out an economic recovery program only five weeks into his Administration. We were all still looking for our desks and trying to get organized and here we all were on this massive plan. You look back and it's kind of faded now. The fact that we did have double digit inflation and the highest interest rate since the Civil War. The great United States of American with the lowest annual rate of growth and productivity of any major industrial power. That's incredible. The United States of America. Well, it's on the change now. It's all changed in a few short years. The American people in 1984 affirmed the directions in which this country is headed. But if we want to really put our stamp on history. If we want permanent solutions to the problems that have plagued us for decades, then I can't tell you how serious this business is that we're here about tonight. We must retain the United States Senate. And we have 22 Senate seats up. I've been traveling for 12 days now. I've been all over. I've been out in Ken Kramer's race. I've been to Slade Gorton's, to Ed Zschau's in California, to Jim Santini in Nevada, McCain in Arizona, Dole in Kansas, I've been all over. And I tell you, we've got so many tight races that I cannot stand here tonight that I cannot stand here tonight and tell you we're going to keep the Senate of the United States.

So we are about something very serious here. Not only because we have a candidate who is so worthy of the position. Who is dedicated. Who is just as bright as he can be and has tremendous experience. So he can walk into the Senate and start making a difference the day he gets there. But also he's a part of the majority.

Right here, there's an article from the New York Times. And it says that the experts are focusing on this race because the experts think that this may be one of a few races that will decide whether or not we have a Republican majority in the Senate of the United States. That's how important this race is. I just want to urge you. If you like what has been done bringing inflation under control in two years instead of ten and all the rest that's happened creating 11.5 million new jobs since the death of the recession in 1982 and more than 65% of those belong to working women. If you like cutting taxes across the board so that we can keep more of what we earn instead of giving it to the IRS, then please, ladies and gentlemen, go and double your efforts for Kit Bond. You're here because you care. In these last few days it takes an awful lot of money to run these races. Television is enormously expensive. So we need you to give additionally of your resources -- your financial resources. Give him that real push across the finish line here. We also need you to give of your time and your energy and get people to the polls on election day.

I was sitting in the gallery of the Senate not too long ago and was listening to one of the Senators on the floor and he said, "Gentlemen, let me tax your memories." Ted Kennedy leaped to his feet and said, "Why hadn't I thought of that before?" Just sit back and don't work hard and then watch what happens. If we don't keep the Senate Ted Kennedy becomes the Chairman of the Labor and Human Resources Committee and there will be a lot of other changes just like that overnight. So it's very, very important and it's really historic this election. You can make a difference in the future of this country and the future of the free world in the terms of what direction we go in, whether we reverse direction or whether we go forward to make permanent changes to these problems that have been problems for so many decades.

Thank you very much for the chance to visit tonight. Again, I urge you to pull out all the stops for Kit Bond. He deserves it. History demands it. Your children will reward it. Thank you very much.

NOTE: Some portions of the tape were "unintelligible" because of audience noise.