

NATIONAL PRESS CLUB LUNCHEON WITH RAY LAHOOD

SUBJECT: RAY LAHOOD, THE U.S. TRANSPORTATION SECRETARY, WILL SPEAK AT A NATIONAL PRESS CLUB LUNCHEON ON MAY 21, 2009 TO DISCUSS HIS AGENCY'S INVOLVEMENT IN PRESIDENT OBAMA'S \$787 BILLION ECONOMIC STIMULUS PACKAGE AIMED AT TURNING AROUND THE U.S. ECONOMY.

MODERATOR: DONNA LEINWAND, PRESIDENT, NATIONAL PRESS CLUB

LOCATION: NATIONAL PRESS CLUB BALLROOM, WASHINGTON, D.C.

TIME: 1:00 P.M. EDT

DATE: THURSDAY, MAY 21, 2009

(C) COPYRIGHT 2009, NATIONAL PRESS CLUB, 529 14<sup>TH</sup> STREET, WASHINGTON, DC - 20045, USA. ALL RIGHTS RESERVED. ANY REPRODUCTION, REDISTRIBUTION OR RETRANSMISSION IS EXPRESSLY PROHIBITED.

UNAUTHORIZED REPRODUCTION, REDISTRIBUTION OR RETRANSMISSION CONSTITUTES A MISAPPROPRIATION UNDER APPLICABLE UNFAIR COMPETITION LAW, AND THE NATIONAL PRESS CLUB. RESERVES THE RIGHT TO PURSUE ALL REMEDIES AVAILABLE TO IT IN RESPECT TO SUCH MISAPPROPRIATION.

FOR INFORMATION ON BECOMING A MEMBER OF THE NATIONAL PRESS CLUB, PLEASE CALL 202-662-7505.

**DONNA LEINWAND:** (Sounds gavel.) Good afternoon and welcome to the National Press Club. My name is Donna Leinwand. I'm the president of the National Press Club and a reporter for *USA Today*.

We're the world's leading professional organization for journalists and we are committed to the future of journalism by providing informative programming, journalism education, and fostering a free press worldwide. For more information about the National Press Club, please visit our website at [www.press.org](http://www.press.org).

And on behalf of our 3,500 members worldwide, I'd like to welcome our speaker and our guests in the audience today. I'd also like to welcome those of you who are watching us on C-Span.

We're looking forward to today's speech, and afterwards, I will ask as many questions from the audience as time permits. Please hold your applause during the speech so that we have time for as many questions as possible.

For our broadcast audience, I'd like to explain that if you hear applause, it may be from the guests and members of the general public who attend our luncheons, and not necessarily from the working press.

I'd now like to introduce our head table guests and ask them to stand briefly when their names are called. From your right, Lynn Sweet, *Chicago Sun Times*, Washington bureau chief, and a columnist for PoliticsDaily.com; Dave Shepardson of the *Detroit News* Washington bureau; Peter Gartrell of Platts U.S. Coal Publications, an associate editor; Willie Fort, structures foreman for Austin Bridge & Road, and a guest of our speaker; Clayton Boyce, American Trucking Association's vice president of public affairs, and a former president of the National Press Club; Joan DeBoer, DOT chief of staff and a guest of our speaker.

Skipping over the podium for a moment, Angela Greiling-Keane of Bloomberg News, a transportation reporter, and the Speakers Committee member who organized this lunch. She's also chair of the Speakers Committee. Skipping over our speaker for a moment, John Hughes, Bloomberg News, transportation reporter, and a member of the National Press Club's board of governors; Jim Andoga, CEO of Austin Bridge & Road, and a guest of our speaker.

Jerry Zremski, *Buffalo News*, Washington bureau chief and a former president of the National Press Club; Jennifer Michaels, *Aviation Week's* deputy managing editor; and Paul Page, *Journal of Commerce*, editorial director.  
(Applause.)

Tapped by President Obama to be the only Republican official in the new Cabinet, our guest today has the responsibility for doling out \$48 billion dollars in economic stimulus money as Secretary of Transportation. Ray LaHood was set to retire as a congressman from Peoria, Illinois when President Obama asked him to lead the Transportation Department, overseeing aviation and highway safety on top of the stimulus spending.

Now he spends his days visiting road projects and airports, and helping figure out how to address climate change and save the auto industry. The man who once presided over President Clinton's impeachment hearings during his seven terms in Congress is now in the upper echelons of the new Democratic Administration.

Secretary LaHood is a former schoolteacher who is a close friend of fellow former Illinois congressman and current White House Chief of Staff, Rahm Emanuel. Now in addition to running the Transportation Department, his role in the Administration is as an emissary to Capitol Hill's Republicans. "They picked me because of the bipartisan thing," LaHood told *The New York Times*. When Secretary LaHood announced his retirement from Congress in 2007, David

Broder wrote that he is, "...a throwback to an earlier less strident kind of Republicanism."

Secretary LaHood acknowledges he has had little experience in all things transportation and is learning on the job. So far, his agency has been challenged about releasing data on how many planes collide with birds following the "miracle on the Hudson" landing, and faced embarrassment by not knowing about an Air Force One photo-op flyover that terrified Manhattan's residents. LaHood's got his work cut out for him. Congress is preparing to reauthorize the Highway and Transit Bill this year, and DOT is working to start high-speed passenger rail service in the U.S. Please join me in welcoming Transportation Secretary, Ray LaHood. (Applause.)

**SECRETARY RAY LaHOOD:** Thank you. I love that disclaimer about the press not applauding for a politician or Cabinet official. John said it gets a laugh every time. So anyway. Angela, thank you for inviting me. Donna, thank you, and to all the members of the Press Club.

I know they asked me to sign a book out there that I guess is part of the tradition of coming here. And what I said in the book is that I'm grateful for this opportunity. I think this is, if not *the* most prestigious organization, it certainly is one of the ones in Washington, D.C. And to have the opportunity to speak today, I consider it a very high privilege.

I was able to snag one of your press colleagues away from the business. Jill Zuckman(?) has been working at the Department. And we could not be any more delighted with the expertise that Jill has brought to our Department. And I tell people I've had more good stories written about me since Jill came than the entire time I was in Congress or since then, so. We're grateful for her public service now, to our Department.

The American Recovery and Reinvestment Act has been on the books for just three months. In that short time, this groundbreaking law has probably done more to energize men and women and companies of all sizes than any legislation in recent memory. The Recovery Act is not a collection of promises. It's a program focused on results that puts wages in people's pockets, and gives hope to struggling families and communities.

It's a lifeline for adults who work in construction and have been especially hard hit by the downturn. It's an opportunity for minority and women-owned businesses to compete for contracts that might not otherwise exist. In fact, the Recovery Act sets a goal that ten percent of all contract dollars should go to these kinds of firms.

This opens the door to roughly \$3.5 billion dollars in potential new business. To be sure, the American public and the media have a perfect right to question whether the Federal government can actually push more than \$780 billion dollars out the door quickly enough to fight the recession and make a difference. In fact, that's exactly what we're doing.

The DOT has made more money available to states, more quickly than any of our other routine programs. For example, the highway portion of the stimulus package is flowing at a rate of \$4 billion dollars a month, nearly twice as fast as traditional highway dollars. Let me repeat that — we're sending money out the door nearly twice as fast as we normally do. When it comes to rolling out the money, we're actually ahead of schedule.

As of this week, we have made nearly \$13 billion dollars available, more than a third of our total formula funds. Every new project we announce is an immediate signal for states to advertise contracts, and for contractors to begin hiring workers, and ordering material like steel and asphalt. In fact, the FAA has already made 100% of its recovery funds available for hundreds of airport construction projects all over the country.

And the Federal Transit Administration is about to unleash 60 grants pumping \$640 million dollars into urban and rural communities. On roadway projects, the pace of construction and hiring is about to accelerate as we enter the peak summer season. You may wonder whether the stimulus funds are going where they will do the most good, or whether we're really creating enough jobs to have an impact. I think we have to remember some fundamental principles.

Every job that puts an unemployed breadwinner back to work so he or she can support a family is an important job. And it has a ripple effect. Every job that attracts a worker who cannot find employment elsewhere is filling a need, no matter where it happens to be. If you simply reduce the Recovery Act to a scorecard, then you're missing the real value of this effort. It's about people, their livelihoods, and their ability to continue to contribute to society.

I met this week with several highway contractors from South Dakota, Montana, Pennsylvania, New Hampshire, and elsewhere. And they tell a story you may not have heard. Many of these companies that pour concrete, repave roads, and rebuild bridges were on the verge of laying off hundreds of people. And when they saw the stimulus package coming down the pike, they said, "Let's hold on. Let's keep these people on the payroll and see what happens."

We're not just talking about hourly workers; we're talking about salaried employees like estimators and engineers. And now because many of these companies have stimulus contracts, they're not only able to keep the people that

have been with them for years, they are also hiring new employees and rehiring people they laid off earlier. And one contractor told me, when he won a \$6 million dollar stimulus job, he was able to put 40 people to work immediately and have the confidence to go out and buy several pieces of heavy equipment.

You may not think that makes a big dent. But you have to remember what would happen if that work weren't here. There might be layoffs, no new purchase orders. And some companies would head into a downward spiral and never recover. The CEO of one of these companies I met with is here with us today, Jim Andoga, the president of Austin Bridge & Road, an employee-owned firm. Jim, thank you for joining us today. This company won a highway repair contract that not only allowed them to avoid laying off up to two dozen people, they've also started to hire people. And one of the men they hired is Willie Fort. Willie, thank you for being here today.

Mr. Fort is a 32 year-old family man with a wife and four young children. He's been doing outdoor construction work for about 12 years, beginning soon after high school. Mr. Fort told us, until recently, he was very concerned that he was about to be laid off from his current job near his home in Central Mississippi. He's worked steadily for the last several years, so a layoff was not something he was used to dealing with. And as the sole breadwinner for his family, obviously a job is essential.

Then he learned about the \$31 million-dollar Austin Bridge/Highway Project just north of Shreveport, Louisiana. And before long, he was hired. Mr. Fort will oversee the contract work on this project along I-49. This job is about four hours from his home, but Mr. Fort said, it's worth relocating temporarily because this could mean about two years of steady work. He plans to return home every two weeks or so to visit his family.

Best of all perhaps, Mr. Fort says, thanks to this job, he and his wife can move ahead with plans to buy a house back in Mississippi. Mr. Fort has told us that he's convinced that things would be a lot harder for him and his friends in the industry without the stimulus money pouring into these communities. This is what it's all about. There are thousands of men and women all over America like Mr. Fort, and hundreds of companies all over America like Austin Bridge & Road. The more people I meet who are benefiting from the stimulus investments, the more I'm convinced that we are restoring confidence in the middle class and restoring stability to communities affected by the recession.

The American Recovery and Reinvestment Act is working for America. It's far more than a set of Federal statistics. It's a testament to our ability to put government to work for the people and lay the groundwork for a brighter future for all of us. Thank you very much. (Applause.)

**MS. LEINWAND:** Okay, we have lots of questions for you. Some critics say the stimulus was too little, too late, and that parceling out the transportation spending to many small projects won't get the economy back on-track. How do you rebut that criticism?

**MR. LaHOOD:** Well, the way I rebut it is ask these two gentlemen here, who, one able to keep his company going, another one able to provide food for his family, and the ability to buy a new house. Look it — we're right at the beginning of the construction season. And over the next five or six months, now that the construction season has begun, you're going to see an enormous number of people around America filling potholes, resurfacing roads, resurfacing bridges, building roads, building runways, resurfacing runways at airports.

And as far as our transit money goes, we're just getting a lot of money out the door. We have \$8 billion dollars. You're going to see new buses. You're going to see ability of transit districts to really have the equipment. I visited a bus company in St. Cloud, Minnesota with the Vice President. They put a third shift on because of the orders that are coming in from transit districts.

This will work. And people will go to work. And we'll begin at DOT to set a standard for our ability to get out of the recession, get people back to work in good paying jobs.

**MS. LEINWAND:** Can you elaborate more on the TIGER discretionary grant program and provide an example of what an ideal project that would qualify?

**MR. LaHOOD:** The perfect project will be a multi-modal project. In the recovery-- In our portion of the recovery, in our portion of the \$48 billion, we were given \$1.5 billion dollars discretionary. And we put out some guidance to people. And we want projects that will be of a national significance, projects that will be multi-modal. I think we'll be looking at probably some opportunities at some ports around the country, since there really were no funds in the economic recovery for port projects.

But we're going to be looking at other projects of national significance, \$1.5 billion, and really multi-modal. And we believe that these projects will be coming in very soon, and we'll be making announcements in the fall.

**MS. LEINWAND:** Everyone agrees that basing the highway trust fund on a Federal gas tax won't produce enough money during the next authorization bill to pay for the nation's road and bridge upkeep, let alone new construction. What should be done?

**MR. LaHOOD:** Well now's not a very good time to be talking about raising taxes. We agree with that. We think when people are out of work and the economy's in a recession, that it's not a good time to be talking about raising the tax. The highway trust fund has been a very good source of funding. It's helped us build the interstate system, helped us build a lot of infrastructure around America. We know that it's inadequate to do all the things that we want to do over the next five years. And so we have to think outside the box.

Infrastructure bank is one thing we're thinking about. We're thinking about tolling. We're thinking about other kinds of opportunities that we can use with the highway trust fund.

But this Administration will not be promoting an increase in the gas tax. We know it's been a good trust fund to fund roads and bridges, and we need to build on that and find ways, other ways to do it, perhaps even public/private partnerships that have been used around the country very effectively.

**MS. LEINWAND:** When do you expect Congress and Obama to enact a new highway spending law?

**MR. LaHOOD:** Well, we've had a number of meetings with the chairman of the Transportation Committee and the House, Chairman Oberstar. He'll have a very aggressive schedule, I think, coming off of the Memorial Day recess to get a bill through the House. We're going to work hand-in-glove with the chairman if he decides to move a bill quickly. And we want to be a part of the discussion and a part of the debate and a part of the authorization. We think it's important that we do that. And so we have had several meetings. And I anticipate the House will pass a bill some time this year.

**MS. LEINWAND:** The issue of whether to allow bigger trucks on interstate highways will be part of the surface transportation bill. What is DOT's stance?

**MR. LaHOOD:** Well, there's a lot of debate going on about that and whether we should really standardize the truck weight. We haven't reached any conclusion. And it's not resolved yet. So we'll just stay tuned and see what happens. We've had lots of discussion about it, but really no resolution.

**MS. LEINWAND:** Will the Administration offer its own version of the highway reauthorization bill?

**MR. LaHOOD:** The discussions that we've had with the chairman, we've laid out what we think are some of the things that are very important. We

want to really-- not withstanding the fact that George Will doesn't like this idea, the idea of creating opportunities for people to get out of their cars. And we're working with the Secretary of HUD, Shaun Donovan, on opportunities for housing, walking paths, biking paths, if somebody wants to ride their bike to work or to the place of employment or to other places, mass transit, light rail — creating opportunities for what we call livable communities.

And Portland, Oregon is the example of it, where people don't have to ride a car every time they want to go somewhere. They can walk. They can ride a bike. They can get on a Portland streetcar which are manufactured in Portland, Oregon. And that concept of livable communities is something that we're going to promote and work with the committee on, because we think it's the way forward. It's the way to get people more opportunities, rather than just in their automobiles.

**MS. LEINWAND:** Two senior senators, Bingaman and Grassley, want the lane miles from any highway leased to a private entity to be removed from all calculations for the distribution of highway trust money. Do you agree?

**MR. LaHOOD:** I don't know anything about it. We'll see. I mean, you know, look it — all these things have to be a part of the debate. You know, we've been working hard to get the money out the door and create jobs and get people to work. But look it — ideas like this are a part of what we need to be thinking about when we say, think outside the box about where we get the money to do all the things we want to do. So, you know, we'll be happy to look at this and a number of other things.

**MS. LEINWAND:** Some in the highway supporters and motorist groups have been concerned by your livability initiative. Is this an effort to make driving more torturous and to coerce people out of their cars?

**MR. LaHOOD:** It is a way to coerce people out of their cars, yeah. I mean, I-- Look it — people don't like spending an hour and a half getting to work. And people don't like spending an hour going to the grocery store. And all of you who live around here know exactly what I'm talking about. You know, the dreaded thing is to have to run an errand on a weekend around here, or to try and get home at 3:00 in the afternoon, or even 5:00 in the afternoon.

Now, look it — every community is not going to be a livable community. But we have to create opportunities for people that do want to use a bicycle or want to walk or want to get on a streetcar or want to ride a light rail. I was in Houston recently. They have a light rail line that runs from downtown Houston out to one of the-- probably the best medical center in the world, M.D. Anderson, Children's Hospital, the Women's Hospital.

And for people who can't afford a car, who don't want to drive through all the traffic of Houston to get out there, this light rail is perfect. And that's what we're really trying to offer people. The only person that I've heard of that objects to this is George Will. Check out *Newsweek* magazine.

**MS. LEINWAND:** Okay, speaking of, some conservative groups are wary of the livable communities program, saying it's an example of government intrusion into people's lives. How do you respond?

**MR. LaHOOD:** About everything we do around here is government intrusion in people's lives, so. (Laughter.) Have at it.

**MS. LEINWAND:** Okay, moving onto trucking, what's happening with electronic onboard recorders for trucks?

**MR. LaHOOD:** You know, these are some of the technologies that we're going to work with the trucking industry on that we know have worked in other industries. You know, again, it's a part of an opportunity to really provide more safety, to be able to do it in a way that measured it correctly. So we're working with the trucking industry on some of these technologies that can help us make sure that the trucks are safe and that the traveling public is safe.

**MS. LEINWAND:** Okay, so I almost didn't make it here because of an airline delay. But I want you to know that this question does not come from me. The FAA Reauthorization Act stipulates the airline set tarmac delay standards. Your inspector general supports a time range from DOT or FAA. The bill has no set range. Are you leaning towards setting a time limit for runway delays?

**MR. LaHOOD:** Well, we'll see what-- I know the House is going to pass an FAA authorization bill either today or tomorrow. You know, they're trying to address some of the issues around airports and delays. And, you know, we've all experienced the horrors of flying and the horrors of, you know, delays and all of these things. So we'll work with Congress, once there's-- a bill gets to conference on some of these issues. But we think obviously FAA has to play a big part.

And by the way, I think we've hired-- The President has appointed probably one of the finest people we could have as FAA Administrator, Randy Babbitt, who I think will be approved by the Senate, either today or tomorrow, and really bring an opportunity for us to solve some of our problems at FAA.

**MS. LEINWAND:** Do you think it's time to take another look at the one level of safety initiative and make changes to flight and duty time rules for pilots?

**MR. LaHOOD:** Well, you know what? I haven't thought much about that. You know, I don't really have a specific answer. As I said, you know, we've spent the first hundred plus days trying to get \$48 billion dollars out the door and make sure it's done according to the way Congress wanted it. And some of these other issues that I know some of you may be interested in, we'll deal with along the way as we get into authorization of FAA and authorization of the highway bill.

**MS. LEINWAND:** Lawmakers have called for an inquiry into regional airline safety following last week's National Transportation Safety Board hearing on the crash in Buffalo. And the FAA administrator nominee this week said he agrees. Would you support or lead such an inquiry?

**MR. LaHOOD:** Well, look it — I mean, the inquiry is being done by the NTSB. I believe that rather than try and pre-judge what they're going to say or say anything about any of this-- would not be correct. What I've said is that I'm going to look at what the NTSB final report is and what their final recommendations are. Safety is our number one priority at DOT. It has been, will be. And obviously there's some, you know, things that probably need to be changed. And there'll be recommendations in the NTSB final report. And we'll follow those. And we'll follow their lead. The lead will come from them. And once that report is available, we'll make comments on it and we'll do all that we can to make sure the flying public feels safe when they get in a regional or any type of airplane.

**MS. LEINWAND:** Do you personally worry about the safety of regional airlines?

**MR. LaHOOD:** Well, look it — for 14 years, I would come back and forth to Washington on regional jets from Peoria to Chicago. And I was home over the weekend giving two commencement addresses in Peoria. I got on a regional United Express jet out of Peoria to Chicago. I've done it for 14 years. And I've never felt unsafe. I've always been on regional jets that were safe, and that all the safety requirements were met.

And so we're going to look at what the NTSB says about this incident, but Americans every day ride on regional jets. And they do it safely.

**MS. LEINWAND:** Last week we found out that the co-pilot in the Buffalo crash earned \$16,000 dollars a year and commuted to work from Seattle to Newark. Doesn't that bother you?

**MR. LaHOOD:** Look it — I'm going to look at the recommendations of the NTSB. For me to stand up here before a national group like this and make

any comments about any of this, it's disingenuous to the people that are really doing the investigation. That's their job. And I'm not really going to comment on any of these things until I see the final report. And then I'll be grabbing as big a bullhorn as I can grab, and a microphone, and I'll be talking about it. Safety is number one at DOT.

**MS. LEINWAND:** Several of the NTSB's most wanted safety recommendations, including those on flying in icy conditions and pilot fatigue, have languished at the FAA for years. Do you think the FAA should consider those recommendations more seriously? And what will you do to nudge them along?

**MR. LaHOOD:** Nobody is more anxious for me to have Randy Babbitt be sworn in at FAA as the administrator than Ray LaHood. I'm going to take all of these questions and turn them over to him. Look it — Randy is a trained pilot. He was a commercial pilot for 25 years. He was the head of the pilot's union. He's a very experienced fellow. He's coming off of being in business. And he will bring a great deal of knowledge and expertise to this job. And he and I together will work on these issues.

**MS. LEINWAND:** Would you support or oppose the merger of United with Continental? Why or why not?

**MR. LaHOOD:** Well, I mean, the Department has already agreed that that Star alliance should go forward.

**MS. LEINWAND:** Members of Congress are pushing the Administration to have Chrysler and GM reconsider their decision to shut thousands of dealerships. What is your advice on whether the Administration should press the automakers to back away from the dealership reductions?

**MR. LaHOOD:** Some people have suggestion that it was the Administration that suggested to American automobile manufacturers that they should close certain dealerships. And that is absolutely not true. Those decisions-- I was at The White House when the President made his announcement about the 2016 CAFE standards. I asked the chairman of GM and Ford, or Chrysler if any of these folks were pressured to close 'x' number of dealerships or do it at a certain time. And each one of them said, these were all decisions made, particularly in the case of GM and Chrysler, they were made by the company. There was no pressure put on. That's the way it should be. It's their obligation now to make money, to pay back the loans, and to produce automobiles that Americans want to buy. And so we've had no role in this. The government's had no role in what dealerships or how many should be closed.

**MS. LEINWAND:** How can automakers afford to add \$1,300 dollars to the average cost of vehicles under the new fuel efficiency rules announced Tuesday?

**MR. LaHOOD:** Well, first of all, these standards, these CAFE standards, are to be met by 2016. And again, I was at The White House when the President made the announcement. All the car manufacturers were there, foreign and American. And we had a chance to visit 40 minutes together in The White House. I never heard one word of complaint. I never heard any whining. They were there because they now know the way forward. They know what the plan is. They know there's not going to be a California waiver. They know by 2016, they have to meet a certain CAFE standard.

And so they have challenges ahead with this. But I think there's a sigh of relief that the decision has been made. And it's a decision that they were all comfortable with, and were there at The White House with the UAW when the President made the announcement. So I think they see this as a way to manufacture, produce automobiles that Americans will want to buy. And the cost factor can be made up by the owners of these automobiles over a three and a half year period of time by the fact that they won't have to put as much gasoline in the automobiles because the standards will be higher.

**MS. LEINWAND:** Are fuel oil options such as ethanol and vegetable oil options that can really take over the gasoline business anytime soon?

**MR. LaHOOD:** Well look it — ethanol is now Americans' renewable fuel of choice. And it took a long time to get there. The car manufacturers are producing a large number of vehicles now that are called flex fuel vehicles. So you can pull up to an E-85 pump which is blended fuel that has 85% ethanol. And Americans get it now and they know that it's clean-burning, and it's actually a little bit cheaper per gallon than regular gasoline.

So I think we've proved, America has proved that it works. And Americans are using it. And the car manufacturers are building automobiles that allow for it.

**MS. LEINWAND:** Do coal to liquids have a place in the national fuel supply?

**MR. LaHOOD:** Ask Secretary Chu that when he shows up here for one of his speeches.

**MS. LEINWAND:** Your agency reported yesterday that U.S. drivers drove less in March, the 16th consecutive month of decline. Is this a bad thing, in

that it's an indicator of a poor economy, or a good thing in that less driving is a green success?

**MR. LaHOOD:** Well, look, when the economy's bad, people are not going to take as many vacations. They're not going to drive long distances. They're going to cut-- One of the things they cut back on is obviously some of the things that cost a lot of money. And at one time when gasoline was over \$4.00 dollars a gallon, people did a lot less driving.

Now, we know it came down to \$2.00 dollars. And now it's going back up. Gasoline's one of those things that people use and they use it less when they have less money. And there's a heck of a lot of people in America that are unemployed and out of work. And so that's the reason for less driving. As we get our economy going and the recession ends, and we spin out of the recession, I think obviously people will be back to taking vacations and longer trip weekends and those opportunities.

**MS. LEINWAND:** There has been a lot of speculation about why Chuck Hurley was withdrawn as NHTSA administrator. What is the real story? And when will you nominate a new proposed administrator?

**MR. LaHOOD:** Yeah, right. I'm sure I'm going to get into that. (Laughter.) Look it — you think I'm going to discuss personnel matters at the National Press Club? Raise your hand if you wrote that question. I want to see--

**MS. LEINWAND:** How about the second part? When are you going to appoint someone?

**MR. LaHOOD:** Look it — these are presidential appointments. We work with The White House on these. We've had a great relationship with The White House on trying to find the very best people. Randy Babbitt is a good example. John Porcari, our deputy, who I think will be approved by the Senate here today or tomorrow, is going to be our deputy, another great pick. We have some great people coming to the Department. And I know that our people are working on trying to fill the last few vacancies.

**MS. LEINWAND:** You earned a White House rebuke when you said you'd consider switching from a tax on gallons of gas purchased to one on the number of miles driven. Is a VMT tax still on the table as far as you're concerned?

**MR. LaHOOD:** Next question. I wonder if Robert Gibbs is watching.

**MS. LEINWAND:** What are your top three surface transportation safety priorities?

**MR. LaHOOD:** Well, we did a public service event at George Marshall High School recently where we tried to persuade young people that it takes one second to buckle up, buckle your seatbelt. Two years ago, 500 people lost their lives over Memorial Day weekend because they didn't fasten their seatbelt. Safety is our number one issue. And so we've done some public service commercials around the theme of "click it or ticket." And we think that if you buckle your seatbelt, your life can be saved if you're in an accident. And so we're going to promote the idea that using a seatbelt-- and that part of our safety agenda is very, very important.

But as far as the highway authorization, look it — we need to make sure we have the resources to do all the things that we need to do in America to keep our infrastructure in good shape. Another priority is the President's priority, and that's high speed rail. The President personally saw to it that \$8 billion dollars was in our portion of the economic recovery.

I mean, look it — we're the greatest country in the world economically and every other way, and we don't have high speed rail. We have a great corridor on the Northeast Corridor. And some states have Amtrak lines. We do not have high speed rail. And we will, because of this President. People travel to Germany and Asia and see the great high speed rail that they have there and they wonder why we don't have it in America. And so that's obviously a priority. The livable communities is something that we feel very passionate about that we really need to move in that direction, to relieve congestion, but also to give people the idea that there are lots of modes of transportation. And so those are some of our priorities — safety, number one in many different areas, and then a couple of those others.

**MS. LEINWAND:** Is there going to be a cost/benefit analysis on your high speed rail initiative? And wouldn't the money be better spent on next gen?

**MR. LaHOOD:** Well, we're going to spend money on next gen. The President put \$800 million dollars in his budget for next gen. And as soon as Randy is onboard, that will be our number one priority to FAA. We believe that having the best technology in the TRACONS and the control towers around America has to be our highest priority. It's a safety issue. You can save a lot of jet fuel by the way you guide airplanes in and out of airports. And next gen really gets us there. And so we're going to have the resources to do that. And we don't have to give that up in order to get something else, so. But next gen is our highest priority. And we think we can get to it working with the airline industry, working with people in the industry who produce the technology, working with the air

traffic controllers, working with the Department of Defense. There's a lot of stakeholders here. We're going to get there. And we're going to get there sooner rather than later. We don't think it takes a decade to get there. With the right resources, we think we can do it. And it is number one on our list at FAA to do that.

**MS. LEINWAND:** Nearly everything America sells and consumes in the international marketplace moves through our ports. What priority does the US-DOT see freight getting in the next surface transportation reauthorization bill, especially freight moving to and from our ports?

**MR. LaHOOD:** Well look it — ports are very important. And as I mentioned, our \$1.5 billion discretionary, we believe we're going to get some significant port projects and funding for ports, not only for more rail lines in and out of ports, but we also think the marine highway is also very important to port opportunities. We're certainly involved in that. And so ports are an economic engine that create lots of jobs, and also can be very helpful in opportunities to move goods in and out of the country. So we think the place that that'll happen will be in some of our discretionary money.

**MS. LEINWAND:** Can you speak a little bit about port construction and security in particular? What is your view on container inspections?

**MR. LaHOOD:** I haven't really been thinking much about container inspections. But look it — I've already commented on the port opportunities. And it is a priority and something that we know can really create a lot of jobs. And I think the container-- really inspections falls under Homeland Security. Obviously, you know, we play some role in that, too. But we'll take it under advisement.

**MS. LEINWAND:** Is there any word on when a new maritime administrator will be named? And how does the maritime industry fit into your plans at DOT?

**MR. LaHOOD:** Maritime is very, very important. I just had the opportunity to be up at King's Point, which is the merchant marine academy, met a number of the cadets up there. It's a great, great facility. The marine highway is something that's very important. It's a priority in the Department. MARAD is a very important component of DOT. And, you know, it's one of the four or five positions that we need to get an appointment from the President on. And we're working with The White House on that.

**MS. LEINWAND:** Senators Lautenberg and Rockefeller have called for a 10% increase in freight delivered by multi-modal transportation by 2020. Do you support this? Is it enough? And how should it be done?

**MR. LaHOOD:** We think multi-modal is very important. We think really getting a number of different modes to transport goods in and out of the country and around the country is very, very important. You know, this is, again, one of our priorities. And we're going to place a high priority on projects that are multi-modal.

**MS. LEINWAND:** U.S. freight transportation shippers and carriers issued a joint policy platform this morning encouraging the development of a national freight program. Will DOT support the development of such a plan?

**MR. LaHOOD:** Well, we'll certainly take a look at it. I'm not familiar with it, but I'll be happy to look at it.

**MS. LEINWAND:** To move freight railroads away from heavy use of diesel fuel, do you want to see freight rail start electrifying parts of their networks?

**MR. LaHOOD:** Well look it — we're working with all the modes. Freight and electrification is obviously going to be a part of the discussion as we get into light rail and certainly other opportunities for the use of multi-modal. But, you know, electrification is something that will be part of the consideration.

**MS. LEINWAND:** Speaking of multi-modal, some transit authorities are cutting services even while getting increased capital from the ARRA. Can you do anything to fix this disconnect?

**MR. LaHOOD:** Well, I've said that I'm open-minded about transit districts being able to use some of their money for operating. I think it's a little bit silly to provide all of this money to transit districts to buy new buses if you can't afford to have drivers and employees to use the equipment. In these hard times, it is difficult sometimes for transit districts to have the operating money. And I'm certainly open-minded about the opportunities for transit districts, particularly during times like this to use some of their money for operating.

**MS. LEINWAND:** Some have suggested that the trucking hours of service driving limits should be reduced. In this economy, that would seem to be a foolish idea. Do you agree?

**MR. LaHOOD:** Look it — when you talk about hours of service, safety is the most important consideration. And that's how we make these judgments

about hours of service. We make them really based on making sure that people that are driving these vehicles are able to do it in the safest way possible.

**MS. LEINWAND:** YRC Worldwide, the biggest U.S. trucking company, is in a tough financial situation. Would the Federal government step in, in any way should the company go bankrupt?

**MR. LaHOOD:** I have no idea. I really don't. I mean, I don't know anything about it, so. Whoever the representative of the company is, maybe he can see me afterwards and we can talk about it.

**MS. LEINWAND:** A large percentage of the shortfall in the highway trust fund, \$2.4 billion of a \$3 billion dollar shortfall at one point last year, is because of a lack of truck and trailer sales, and the 12% excise tax that is not collected from these lack of sales. Any help for the manufacturers or buyers of trucks to encourage the purchase of newer trucks?

**MR. LaHOOD:** Probably not.

**MS. LEINWAND:** What is the timetable for announcing a new Mexican truck program? What would it look like? And has it been accepted by members of Congress?

**MR. LaHOOD:** Angela did not want that question answered, because she just did her story while we were having lunch on this issue. She thought it was going to be a scoop. So anyway. We've put together a Mexican truck program that we think meets the criteria from our discussions with a number of members of Congress. Prior to putting this together, I went personally to Capitol Hill and met with, oh, about 28 to 30 members of the House and Senate to really find out from them what it would take to get their support for a Mexican truck agreement.

This is part of NAFTA. It's something that we need to do. It's a part of a trade agreement. It was discontinued, put in the Omnibus bill that was passed, and was discontinued. And so we've put together a very good proposal. It's being vetted at The White House. I hope to get back up to Capitol Hill after the recess and talk to these members of Congress and tell them what we've done. Almost everything that we've included in the proposal has to do with safety. These were the major concerns expressed by members of Congress, that there's good metrics for testing safety on the mechanical part of the trucks, good metrics for judging whether drivers are complying with the hours of service, good metrics to determine if the drivers that are driving are driving on licenses that have been issued according to all the rules and regulations, and trying to meet all of those standards.

And then I hope once we have a chance to share that information with Congress, that we can have the Mexican truck program reinstated. The one thing that the Mexicans did that has been very effective, they put tariffs on goods and on products. And it's had a huge impact on producers and suppliers around the country. And now senators and members of the House are hearing from their producer groups about the huge impacts that these tariffs are having on these 90 items that they've put tariffs on. And so it is having an impact. I think we'll have a chance throughout the early part of the summer to get this resolved and have it reinstated in a way that reflects what the Congress wanted, which revolves almost exclusively around safety.

**MS. LEINWAND:** You've ordered a review of motor coach safety. What results and ultimately changes do you hope to come out of that? And would you expect at least that motor coaches will be required to have seatbelts and stronger roofs?

**MR. LaHOOD:** Well, our people are looking at this. And the idea of having seatbelts on motor coaches is something that I think is probably in the future. And we'll be obviously making some recommendations on this. But we think that this is probably something that needs to happen. And we'll be making, you know, further comments and recommendations on it a little bit later.

**MS. LEINWAND:** Southwest Airlines CEO, Gary Kelly, recently said that he views high speed rail as a competitor to its service. Will you consider the impact of rail service on airlines as you decide which alignments to fund?

**MR. LaHOOD:** Well look it — it took three decades to get where we are with the highway interstate system. It's a state-of-the-art system, one of the best in the world. It'll take us a couple decades to get where we want to be with what people are dreaming about with high speed rail. I think in the early time here, it's going to have little or no impact on the airline industry. And over the long-term, I don't think it'll really have that much impact.

But, you know, as these corridors begin to really blossom, I think we'll be able to measure if they are going to have impact. But I don't think creating competition is going to be really a problem for the airlines.

**MS. LEINWAND:** One of your jobs is to be an emissary to congressional Republicans. Do you expect to have more success on that in the future than you did in whipping up Republican votes for the stimulus package?

**MR. LaHOOD:** Yes. (Laughter.)

**MS. LEINWAND:** And how are you going to do that?

**MR. LaHOOD:** Well look it — I have a lot of friends on Capitol Hill from my 14 years of service in the House. And I have friends both in the Republican side and the Democratic side. And from time to time, when the Administration thinks I can be helpful on issues, where they're trying to find Republican votes, I think certainly on climate change and energy issues, you're going to find Republicans receptive. I think on healthcare, you're going to find Republicans receptive. I think on education issues, you're going to find Republicans receptive. If I can be helpful to the Administration in working with my Republican colleagues, I look forward to those opportunities.

**MS. LEINWAND:** What advice would you offer your successor, Representative Aaron Schock, regarding his new seat in Congress?

**MR. LaHOOD:** This fellow is the youngest member of the House. He's a very bright young fellow. He doesn't need any advice — doesn't need any *public* advice from Ray LaHood. He's working hard and doing what freshmen should be doing, really just carrying out the legislative voting responsibilities and getting home on the weekends and making sure he takes care of his constituents.

**MS. LEINWAND:** What advice would you give Republicans for winning seats in a 2010 congressional election?

**MR. LaHOOD:** I don't think they're going to be looking to me for advice on that kind of stuff.

**MS. LEINWAND:** I don't know what you'd rather take — political questions or FAA questions, but we're going to back to the FAA. The FAA recently restarted contract talks with controllers. How much are DOT and FAA prepared to spend for wage and work rule changes? And will that spending leave less money for modernization?

**MR. LaHOOD:** Well, those two are not in conflict, the modernization, the next gen. As I said, the President has put money in his budget for that. There's a commitment on the part of the Administration to get the next gen. It will be a top priority. We do have a mechanism in place now, through the use of Jane Garvey, who's acting as a consultant with two mediators, meeting with the NATCA group, the air traffic controllers. And they've been meeting. So we think that that will get resolved. And we think we have very good people doing the negotiations. And I think we're off to a pretty good start on getting that off the table and settled, everyone's satisfaction.

**MS. LEINWAND:** The House this year is requiring members seeking earmarks, including transportation ones, to publicize them on their websites. Do you think that'll change the look of the next highway bill?

**MR. LaHOOD:** Well transparency is obviously something that's very important. And we believe in it. We support The White House's website, Recovery.gov. We provide a lot of information to it. It's what the American people want. They want to make sure that the money that they send to Washington is spent correctly and wisely. And so I think the more we can be transparent about these things, the more support that we'll get from the public, so. I think it's a good idea.

**MS. LEINWAND:** Okay, we are just about out of time. I bet you're happy. So before I ask the last question, I thought I would take care of a couple of matters. First of all, let me remind our members of our future speakers. On May 28th, Mary Tyler Moore, actress and international chairman for the Juvenile Diabetes Research Foundation will discuss research and finding a cure for diabetes. And on June 1st, former Vice President Dick Cheney will address the National Press Club as part of the Gerald R. Ford Foundation's annual journalism awards ceremony.

Second, I would like to present our guest with the traditional NPC mug.

**MR. LaHOOD:** Thank you. (Applause.)

**MS. LEINWAND:** Before I ask our last question, I would ask you all to stay in your seats after the luncheon concludes so that Secretary LaHood can leave. For our last question, do you regret sitting for that *New York Times* feature interview?

**MR. LaHOOD:** Oh, not at all. You know, I think what Mark did was a very good piece. I think it was probably a good reflection of, you know, where I'm at in my career and where I stand in the Administration. I don't have any-- not a word of criticism about it. I think he did a very fair job. I think anytime you can get on the front page of *The New York Times* and do it the way that Mark presented it, is not all bad. And I actually sent him an email that day and told him I appreciated the way that he conducted the interviews with other people, and the way he presented the article, so. My compliments to *New York Times* and to the writer for the story.

**MS. LEINWAND:** Okay, I would like to thank you for coming today. Appreciate it. (Applause.) I'd also like to thank National Press Club staff members, Melinda Cooke, Pat Nelson, JoAnn Booz and Howard Rothman for organizing today's lunch. Also thanks to the NPC Library for its research.

The video archive of today's luncheon is provided by the National Press Club's Broadcast Operations Center. And our events are available for free download on iTunes, as well as on our website. Non-members may purchase transcripts, audio and videotapes by calling 202.662.7598 or emailing us, [archives@Press.org](mailto:archives@Press.org).

For more information about the Press Club, please go to our website at [www.press.org](http://www.press.org).

Thank you and we are adjourned. (Gavel sounds.)

END