

CONVERSATIONS WITH MIKE MILKEN



Elaine Chao

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Mike Milken: Madam Secretary, good morning and thank you for joining us today.

Elaine Chao: Thanks for having me.

To me, your entire family is really the fulfillment of the American dream. I don't believe everyone knows the remarkable story of your family's voyages from Taiwan to the United States. The decision made by your father to leave his family in search of a better life and hoping to bring them shortly thereafter. And yourself, a young girl of eight or nine in a cargo ship for 37 days coming across the ocean. What was life like? And what were you thinking about on that ship as you came to America?

Well, I was eight years old when I came to America and the only passage that my father could afford was to send my mother and my two sisters and me on a cargo ship. But I think the story begins way before that. The story of my life really begins with a love story of my parents. They are Americans of Chinese descent. My father was born in a small farming village, outside of Shanghai of 10 families. My mother came from a large and prominent family in Anhui Province. Ordinarily, these two young people of such disparate socioeconomic backgrounds would never have been able to meet, but throughout their young lives in China, China was in turmoil, the overthrow of the

Imperial government, the Japanese invasion, World War II, and then culminating in the Chinese civil war.

So, during their young lives, my parents just wanted safety and security and a normalized life. So, my mother and her family left their ancestral estate and tried to move to the cities in an effort to find security. They finally made their way to a Shanghai. There, she enrolled in Ming Teh High School. And one winter day, 1949, my father who had attended that same high school came home from his university studies at Jiao Tong, and because of the breakdown of society, they were introduced by their mutual friends in the late spring, early summer of 1949. So my mother made her way to Taiwan. He was majoring in marine engineering and as part of his graduation requirement, he had to go onboard a ship. So he went to sea. When his father came to say goodbye to him, China had undergone 16 different governments in 32 years, so they thought that even if the Communists won, that it would be just one more government and they would be able to see each other under the new government regime. Well, that was the last time that my father had a chance to see his father, my grandfather.

“When we finally got the news about my father being able to bring us to America, we were so excited. To be able to go on a ship, even a cargo ship, was so exciting. The journey took 37 days, during which my third sister May got very, very ill. There were no doctors on board at all. All my mother could do to reduce my sister's very high temperature was to soak her day and night in cold water.”

So, my father got on the ship and on May 25, 1949, depending on your ideology, Shanghai either fell if you were a nationalist, or Shanghai was liberated if you were a communist. But in any case, this ship, which was under nationalist flag could not return. The Communists shut down all of the ports and my father's ship had no choice but to set sail for Taiwan. When he arrived there, he thought that the young woman that he met earlier that year, Ruth Mulan Chu Chao, probably was in Taiwan because she came from a prominent family and they would have had to flee to save themselves.

So my father got a job as a second mate, aboard a ship. They were very short of workers of seamen, so my father was promoted directly from a cadet to second officer. And during his shore leave, he would spend his spare time visiting all the schools around Taiwan, and look for this lovely girl that he met on the mainland. It took him two years before he was able to find her. And when he did find her, she was, he could tell, very surprised, but very pleased. And then he had to convince her parents to allow the courtship, and then eventually asked for her hand in marriage.

They finally got married. And because of the love of this wonderful young woman, my father found his footing in this new land and became the youngest sea captain at the age of 29. But life at sea was difficult for their young family because he was away for months at an end. Because he was so young, they thought they could try their luck and try something else. And if it didn't work out, he could always go back to sea life. So, he took a national examination, scored No. 1, broke all the records. And because of that, he had a chance to come to America.

My parents, who knew nothing about America firsthand, who had never met any Americans in their lives, they also knew and believed that America was a land of opportunities. So, after this examination, my father had a chance to go to America. He didn't have the papers to bring his wife and two daughters at that time. My mother was

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seven months pregnant. He didn't have very much money, but this chance to go to America was a chance that he could not give up. My mother was so brave; she told my father to go ahead and make his fortune in America because she so believed in him.

This was a very, very momentous move because they didn't know how long the family would be separated. Sometimes it took 10 years, 25 years for families to be reunited. When I was young, I was comforted by the love and security of the home that my mother created after my father left. When we finally got the

news about my father being able to bring us to America, we were so excited. To be able to go on a ship, even a cargo ship, was so exciting. Looking back now as an adult and seeing that my mother was the only female on this ship and the journey took 37 days, during which my third sister May got very, very ill. There were no doctors on board at all. All my mother could do to reduce my sister's very high temperature was to soak her day and night in cold water. And so that was what it was like coming to America

When I think of the courage of your parents, finding each other in Taiwan, and then making the decision for a better life. And as we think of so many individuals that have made that decision, it almost brings tears to my eyes just to think about. So, you're eight years old and you arrive in America. What were your first impressions?

America is clothed in mythology for those who've never had a chance to be here. So, when I came to America, I was very disappointed as an eight year old to discover that America's roads are not paved in gold. We had not seen our father in three years. We

hadn't heard his voice in three years. Telephones were too expensive. My mother and he exchanged daily letters. And when he first came to America, my mother, who did not write English or speak English, wrote the address wrong. So, for a whole three months while he was here in America, he received no word from his family. Can you imagine how frightening that must have been? He was alone with no friends, no family here at all, and no letters from home. So, my parents are incredibly inspiring people.

Young people today, it's hard for them to understand because the cost of a long distance call or interacting or Facetime is little to no cost. Back then it might've cost you 15 to \$20 for a one minute phone call, if you could make it. So you've arrived as the oldest child and do not speak English, but America had universal education. Obviously, you had to find a way to learn English at some point in time.

Well, it was total immersion for me, and I'm not so sure that's a bad way to do it, because when you're young you're very adaptable. You pick up languages very easily. So when I landed – July 18th – it was right in the middle of summer when our ship docked in New York Harbor. I had an idyllic summer playing around with my family, getting to know the city, visiting the free sightseeing spots.

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But then September came and then I had to go to school. I still didn't speak English. And so, what I did was every day I would sit in the classroom, not understanding a word of what was going on and jotting down, whatever was on the blackboard, into my notebook. And every night after working three jobs, my father would come back very late at night. He and I would sit together and he would pour through my notebooks and try to decipher my childish scrawls and teach me that day's lesson.

But those days forged a very tight bond between my father and me. I'm so grateful to him for all the hard work and the sacrifices that he made for the family.

This love of education that was instilled in you eventually takes you to college and to business school at Harvard. Talk to us a little bit about that educational experience as it unfolded for you.

Well, the Asian American culture focuses and emphasizes a great deal on education. It's part of their culture. It's part of the Confucian culture where education builds better people; education is not just accumulation of technical knowledge, it is to be a better

person. We were always expected to go to college and after that to go to grad school as well. My parents taught me you can learn from everybody. You can learn from everything, every, every incident, every event. And one way to do that is teach yourself how to learn. And that's by listening, by watching, then you can learn a lot. And so that's what I did.

When I went to business school in the late sixties, there were very few women in the class. What was it like at Harvard Business School in the 1970s for women?

I loved it. I loved it because it was such a place of hope. Everybody there had goals and dreams and they were looking toward their future. It was a very electric environment. And, there were 16% international students at that time; it's much higher percentage now. And the class comprised about 19% women. There were of course cultural differences with international students, cultural differences between men and women as

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well. But I remember that time as being an incredibly exciting and inspiring time because I felt finally, I was kind of on my way to getting more involved in mainstream America or just more on the way in finding my place in America.

The graduation from business school, you began in the financial world. Then your career went off in a different direction starting with being a White House fellow. What drove you to a career in public service?

I was curious. This is another wonderful gift that my parents gave me. They urged all of their daughters to expand our horizons, expand our vistas and get to know the rest of the big world outside. They had so much faith in America. I was a banker with Citibank and I used to do private-sector deals and then public-sector deals. If it was a private-sector deal, it would be very easy to close the deal. It would take two hours and there'd be the borrower, the lender, their respective lawyers. And then, that's it – in two hours, the deal is done signed.

But if I ever did a public-sector government deal like a Title 11 transaction [bankruptcy case], it would involve weeks, if not months of negotiations. And it would involve tens of government lawyers and rooms full of documentation, and it would take months to close. From the private sector, I could not understand how government could be so inefficient. So I wanted to find out.

When I think of the challenges that our country and the world has experienced over the last particularly three decades, I think of you being front and center. You served twice as a cabinet secretary, the first Asian American woman to do so. You led both the Peace Corps and United Way and all along the way you found yourself in many ways at the tip of the spear in dealing with historic moments. I'd like to ask you about them.

I've been very, very blessed to be able to have these opportunities, but also to have people who would trust me to give these opportunities to me.

You know, there's a definition of luck. Luck is when the prepared mind meets opportunity.

Absolutely.

I think back to 1991, and the Soviet Union essentially collapsed in December of 91. You had played a critical role in launching the Peace Corps programs in the quote newly liberated Baltic nations and other newly Independent States. Take us back to that time in 1991, this dramatic change as the Iron Curtain had come down.

Well, President George H.W. Bush deserves a great deal of credit. He was a very visionary leader, especially on the international foreign policy stage. So I was appointed Peace Corps director during a very historic and pivotal time in world history. As the former Soviet Union collapsed of its own weight, its peoples wondered how they would ever catch on to the rest of the industrialized nations. The former Soviet Union had a population that was very educated; literacy was very high, and this is very different from other countries that Peace Corps had traditionally served. So we had to find a new type of Peace Corps volunteers who were more private-sector oriented, who were more sophisticated. We were looking for people who had established their own businesses, who had financial skills, marketing skills, who could help the people of the former Soviet Union establish a private economy. We went out and recruited thousands of young- and middle-aged Americans who wanted to participate and share their knowledge.

As the young boy in the 1950s, I would get on my bike and go to the neighbors and collect money for the March of Dimes and other types of activities. Later, many of these activities were combined under this concept of the United Way. But now there was a point in history where people were wondering, could they trust the United Way? How are they distributing the money? And once again, you put your hand up to take on this challenge. Talk to us a little bit about that experience.

Well, I was a volunteer in the United Way movement. And when this scandal hit concerning the previous president, 64% of Americans had heard about the abuse and mismanagement of donor's dollars. This was incredible news that rippled throughout all

of our society, throughout the world. And people were much more cautious about giving to charities after this. So, the board of governors of the United Way of America went out in search for a new president. I was Peace Corps director at the time and they reached out to talk to me. I was not sure that I could do the job, but I wanted to try. I didn't want to look back and regret that I could have helped this venerable institution that I'd been a volunteer with and not helped out.

The beginning days were very, very difficult. This organization, which raised about \$3.2 billion annually, was really hurting. Donors were wondering whether they should continue to give. The professionals in the United Way movement felt so betrayed and so hurt. And when I came on my first day. I found people crying in the hallways and just a funereal sense of great sadness.

One of the first things I did was to call a town meeting. And I said to them, the path ahead will be hard, but I promise you, if you come with us on this journey to restore this great institution, you will have so much to boast about and be proud of when you tell your life's work to your children and to your grandchildren.

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One of the first things I did was to appeal for help within the United Way movement. It was previously a very top-down command-and-control organization. I basically sought the help of the grassroots and asked them to participate more in the restructuring and the revamping of this organization. We completely overhauled the governance system, set up a new board of directors, set up new board committees, one of which was the ethics committee. And then we instituted a new ethics code that was evergreen, meaning that every year we had to review the ethics code, evaluate it again, and see where we could improve.

So with this new governance structure and my being on the road after that to meet people, to promote this new era of accountability and integrity and respect for the donors' dollars, the United Way movement began to come back.

You have been the longest-serving cabinet secretary since World War II. Now a catastrophe occurs on 9/11. You're in the cabinet, you're the Secretary of Labor. Take us back to think about the challenges, your reaction, what plan had you implemented, how were you planning to carry it out?

September 11th 2001 was a beautiful sunny day. I was in the office with my staff going through what would happen that day. And all of a sudden, a young assistant comes into

my office, which is unusual because this is a senior staff. He doesn't usually come in, and he says, "something's happened. A plane hit the World Trade Center." We immediately turned to the television set. I initially thought it was just a small plane, but when I saw that 747 embedded in the World Trade Tower, we knew that this was not a mere accident. But we were so innocent as a nation.

We didn't know what to think. We were unprepared in terms of just galvanizing and communicating with the building. We tried to call the White House, but the White House we subsequently learned was being evacuated itself. The president was not in

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town. The vice president was ushered downstairs into the bunker of the White House. I looked at outside my window and I could see the U.S. Capitol, and when I saw people streaming out of the Capitol and receiving no directions on what to do, I basically said to everybody, we've got to leave. And that's when the PA system was triggered.

Then people just flow out of building. And what we found was that they were stuck on the roads. I basically walked

home; my home was about a 10-minute walk. I took 35 of my staffers with me and we set up command control at my residence, and we tracked down everybody in the department through a telephone tree that we fortunately did have the mind to establish.

9/11 was a tremendous economic shock to our economy. The unemployment rate increased dramatically. Part of what the Department of Labor had to do was to try to get out unemployment insurance and disaster relief, which was monies to small business people and make sure that businesses were able to be kept open, that employees would still be paid so that our economy could continue to move forward. And so, we worked with the White House as did every other cabinet of the government at that time, to try to pump what was needed into the economy and into our workforce to ensure that our country would be able to continue.

There's one other thing I wanted to mention. The Department of Labor regulates workplace safety. So OSHA is within the Department of Labor, and ground zero at that time was the most dangerous workplace in America. And I really want to commend organized labor, which did such a wonderful job at ground zero. They were embarked upon such a sad and unbelievable task of cleaning up. And they did so with no injuries, no fatalities, ahead of schedule. It is a tremendous statement about what they did on ground zero.

I was in New York that day and was scheduled to give a talk downtown across the street from the World Trade Center. I never made it downtown that day. I remember vividly that point in time as you do, and so many other people do. Your response to this problem and quickly dealing with not only your own employees in the Department of Labor, but thinking about what we needed to do for employees and businesses. What are the responsibilities of the Department of Labor?

The department has about 17,500 people, and the budget is about \$70 billion. It regulates every single workplace in America. During my tenure, I'm very proud to say

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that we achieved at the safest, the best workplace and workforce safety and, health record up to that time. The Department of Labor also does a lot of training. So, we have a lot of training partnerships with organized labor and with community colleges and many other trainers that are embedded in over 3,500 what's called local one-stop career centers. These used to be called unemployment offices, and now they're called

employment offices. And that's where people can go to not only get their unemployment checks or file for unemployment, but also receive training that they'll need to transition to a better life.

It's 2005, only four years later. You're still the Secretary of Labor and Hurricane Katrina hits New Orleans. And so, I guess my question here is, Peace Corps, United Way, 9/11, and now Katrina hits New Orleans. What is your response and how did you lead the department at that time?

Well, I think the administration was criticized quite a bit for its response. I think that it was such a catastrophic event and it was so unexpected when the barriers broke. But for us, one of the first things that we wanted to do was to get, again, unemployment insurance and disaster relief monies to people who were affected in New Orleans. I mean you had small business owners who could no longer operate in that they needed income. You had workers who could no longer work because their place of work was underwater or destroyed and they needed income. So, we wanted to make sure that money was readily available.

I'm very hands-on. I'm totally into implementation. So we set up 1-800-numbers, we set up website links that people could actually go in and file for unemployment insurance or self-employment assistance programs. But it occurred to me, what happens if you don't have a cell phone or you don't have a computer? All these people who were, for

example, shepherded into the Astrodome in Houston, and how do you reach all these people? How do you reach people in neighborhoods that were devastated by the hurricane?

So, we actually sent out, proactively, our people to places where people were displaced. We had mobile units that we sent out through devastated neighborhoods. We had people taking safety into account, walk on foot or drive if it's possible. We went to those who needed assistance. We got a lot of kudos and the Arkansas Gazette wrote a really nice editorial about our successful efforts.

There were a lot of government agencies questioned in their response, but not yours. I somewhat feel Elaine that if there is a disaster or a need that you are called up to solve that problem. So let's talk for a few moments. You're the Secretary of Transportation now and COVID hits. We were quite concerned about food security. Would people have access to food? Would people have access to medical care?

Would people have access to medical support? When we look back over the last 14 to 15 months, our fears of food security, not just in the United States, but around the world were allayed by the ability for transportation, the ability for distribution. Take us back to this issue and your leadership at the Department of Transportation.

“As I have gone through my wonderful career, I don't look back upon the accomplishments so much as the richness with which I hold the gifts that I do now, which is love of family and friends, the respect of my peers and colleagues, the ability to have had an impactful life. Those are really the true treasures of life.”

Well, the national emergency shutdown was announced on March 13th of 2020. It had been building up obviously, but we were immediately concerned about keeping the supply chain open. If indeed the American population was going to be quarantined for goodness knows how long, we needed to be supported by an economy that would sustain that kind of existence. And so that meant that our groceries and supermarkets shelves had to be stocked, that our transportation system was still operational for essential freight movements and also critical medical supplies and personnel. Our No. 1 concern was to keep the supply chain open and the transportation system operational safe and moving.

We gave a lot of waivers, for example, in trucking. We worked with various state Departments of Transportation to make sure that they would extend the expiration date for, let's say three months or so, for driver's licenses, for requirements for training during this very special period. And then something very, very practical: a lot of states were closing their rest stops. Well, what does that mean for truckers? They need a place to go.

So we basically worked with the state Departments of Transportation to maintain the truck stops or the rest areas along our highways.

And then to allow private vendors, food vendors, to be able to operate in these rest stops as well. So, the department was flexible, it was very responsive to constituent concerns and requests. And I'm really proud to say that we survived that national lockdown.

What used to be called blue-collar workers, the frontline workers, the EMS [Emergency Medical Services] workers, the healthcare workers, the truckers who deliver the goods ...

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these are real heroes for helping the rest of us stay at home safely [and] for our economy to continue to function.

We had to basically work with industry to make sure that they had emergency funding. The Cares Act was passed on March 27, 2020, and we gave out \$10 billion to the airports, \$25 billion to the transit systems, over \$50 billion to the airline industry. And all of that was pumped out and in a very, very short period of time. And we were lucky

because we were using existing channels of distribution, but I think we got very good marks also for getting out the government money very, very quickly.

Many of your decisions also required from other cabinet secretaries as to what they were doing. How did you interact with the other parts of government?

You know, I think we interacted and coordinated very well. When the national emergency was enacted on March 13th, we had over 280,000 Americans who were stranded overseas. And so, the Department of Transportation worked with the Department of State to try to repatriate all these Americans back to the United States. And that took an enormous amount of work. The State department had actually evacuated many of their embassies. So many of the stateside State department employees had to work during the night because of the time difference to communicate with Americans who were stranded overseas. That was also a period of great challenge, but also great coordination among all these stakeholder groups.

It's May of 2021. It's Asian American and Pacific Islander Heritage Month. It seems to me both a time of recognition and a time of celebration, but also significant changes in society that we've faced over the past 15 to 16 months. What would you like our

listeners to think about your own experience and the importance of immigration, working together and keeping the American dream alive?

The Asian American community is only about 6.7% of the national population. When I came to America, the Asian American population was less than 1% of the national population and race relations was viewed only in terms of black and white. Our country is now so much more diverse. And so for those who are despondent, we're actually making a great deal of progress. Asian Americans are now beginning to find our voice. The rise in violence against Asian Americans and the terrible rhetoric during the COVID-19 crisis, I think has brought this community to a greater realization of the need to participate more in our democracy, in our country, and to be more vocal and to be more visible.

One of the many organizations that has now stepped up is something called the Asian American Foundation. This is a foundation that was set up by a number of very prominent Asian American

entrepreneurs. And I'm so proud of them, because when I was growing up there were no Asian American entrepreneurs that I can think of. And now because of the advent of Silicon Valley, so many of them are now contributing to our country in so many different ways. So Jerry Yang, for example, the founder of Yahoo, is one of the founders of the Asian American Foundation. And they've raised over \$125 million to fund all kinds of Asian American initiatives and studies. I think

this is one example of this community coming to life and learning to become more visible and more vocal. Obviously, the violence that's been enacted upon this community cuts against the core of who we are as Americans.

“I was at Davos sent by the Bush administration in January 2005. At that time, sentiment was running against America because of the Iraq war. And I said to this audience that we are part of you. Americans reflect every single population in the world because we are all immigrants.”

We are a country of immigrants. We believe in diversity; that is one of the great strengths of our country. I was at Davos one time, very elitist place, I admit. But I was sent by the Bush administration in January 2005. At that time, sentiment was running against America because of the Iraq war. And I said to this audience that we are part of you. This is an international audience. Americans reflect every single population in the world because we are all immigrants.

This reminds me of a story when I was Peace Corps director, when I would visit a Peace Corps country, it would baffle that country's government officials and people to no end to see this Asian American woman as Peace Corps director. They would go through my entourage, not that it was very large, but they would go through my assistants and kind

of ask whether they were the director, and much to their surprise, it would be me. Our country is changing and I have great hopes and great confidence that we continue to learn, we continue to address our mistakes, and we continue to improve.

I just want to read you a quote here by a young woman: “My parents had confidence that America would offer tremendous opportunities for their daughters, even though they themselves would not know what those opportunities were. America's strength lies in the opportunities that are available in this country. Anyone can achieve their dreams if they work hard, if they believe in themselves and maybe most important, they never give up.” Now that young woman's name was Elaine Chao. Talk to us for a few minutes here about the values you think have been passed on by James and Ruth Chao to yourself and your sisters and how that aligns with the American dream.

You know, my parents never talked about success. They talked about being a good person, contributing to society and also enjoying the journey that the Lord gave us. And now as I have gone through my wonderful career, I don't look back upon the accomplishments so much as the richness with which I hold the gifts that I do now, which is love of family and friends, the respect of my peers and colleagues, the ability to have had an impactful life, and hopefully the continued ability to make a difference in the world. Those are really the true treasures of life. And they tie in with the American dream because of the freedoms that we have, to make the choices that we have, to be able to live the life that we are able to live. That is what our Founding fathers talked about, the pursuit of happiness. That's what the American dream is all about.

Madam secretary, and I say that with great respect, how lucky we are that your father and mother took the risk of coming to America, and what a full and rich experience your family's had. And what an unbelievable contribution you have made and they have made. Elaine, I want to thank you for joining us today, and I want to thank you for your enormous contributions to both the United States and the world.

Thanks so much for having me.
