



**DEPARTMENT OF
TRANSPORTATION**

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STATEMENT BY CLAUDE S. BRINEGAR, SECRETARY OF TRANSPORTATION,
ON SENATE BILL 2767, DECEMBER 13, 1973.

With the passage this week of Senate Bill 2767, the Rail Service Act of 1973, the way has been cleared for Congress to jointly agree on a rail bill to deal with the impending Northeast rail crisis.

The Senate Bill and the previously passed House Bill (H.R. 9142), though similar in overall structure, have sufficient differences to require considerable work by the Conference Committee. Either Bill, taken by itself, has aspects to it that prevent me from recommending it to the President. In particular, the Senate Bill was burdened with many extraneous provisions, as well as with numerous floor amendments that we oppose. Both Bills place a heavy and unnecessary burden on the Nation's taxpayers.

However, I wish to stress that we believe that the basic framework of both the House and Senate Bills is good. I am hopeful that the various objectionable and extraneous provisions can be either eliminated or significantly improved upon by the Conference.

There is an urgent requirement for the Conference Committee to proceed immediately in order that the compromise bill be completed before the end of the session. The Judge overseeing the Penn Central reorganization has had under advisement since October 12 motions to liquidate the railroad. Any significant delay in passing acceptable legislation could well cause him to proceed with a liquidation.

However, despite the need for prompt action--a need that is intensified by the energy crisis--we cannot accept hasty or ill-conceived legislation on a matter of such significance as the future shape and structure of the Nation's rail freight system. President Nixon stressed this point when he signed the AMTRAK Bill on November 3:

"...looking beyond the rail passenger problem to the larger context of the Nation's overall railroad needs, I want to emphasize very strongly that my acceptance

of this bill in no way alters my position that Federal action to shore up the financial condition of our major Northeast and Midwest railroad freight lines must take the form of a private solution that would impose only a minimal and finite financial burden on the taxpayer. ...I simply could not sign any legislation which purported to solve this problem through massive, open-ended subsidies or through quasi-nationalization."

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