



DEPARTMENT OF TRANSPORTATION

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The U.S. Department of Transportation Broadcast News Service for Monday, March 26 has 3 excerpts from Transportation Secretary Claude Brinegar's news conference today in which he recommended to the Congress the establishment of a streamlined rail system in the Northeastern U.S. to supplant that now operated by 6 bankrupt companies.

First, Secretary Brinegar discussed the enabling legislation needed:

"The enabling legislation would authorize the establishment of a new for-profit private corporation, whose Board of Incorporators, appointed by the President, would select assets from the bankrupt carriers needed to provide the Core Rail Service and such other services as they deemed desirable. Bankrupt railroads would be permitted to terminate (but not abandon) rail service not included in the Core System within a specific time period and without ICC approval. The new corporation would also afford viable railroads, shippers, communities and others the opportunity to provide for the continuation of service not included in the Core by compensating either the bankrupt roads or the new corporation."

Next, Secretary Brinegar said the plan developed out of a desire for a "proper solution" to the problem. He commented on Congressional contact and consideration of the Federal budget.

"In discussions in the past 45 days with Congressional leaders, it was pretty clear that the idea there would be no federal bail out of the northeast was widely accepted. Certainly to the extent that the private sector solution could be found, it should be found. The country's trying to do an awful lot right now. As you well know, we're straining our resources pretty hard, the budget is about as close to the limit as it can be without setting off a lot more inflation. We just don't think it's right to ask the taxpayers to step in at this point and do something that in fact with a little bit of stress and strain and cooperation the private sector can do."

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Finally, a last comment; "In a word, quite clearly there is a healthy rail system trying to crawl out of the Northeastern wreck. All of us working together can help it escape."

For further information dial 202-426-0881.

This has been the Transportation News Report for Monday, March 26.

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