



# DEPARTMENT OF TRANSPORTATION

# NEWS

## OFFICE OF THE SECRETARY

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The U.S. Department of Transportation Broadcast News Service for Wednesday, September 26, has excerpts from Transportation Secretary Claude Brinegar's news conference today on the Northeast Railroad Problem.

Transportation Secretary Claude S. Brinegar today told newsmen the Administration's view of the Northeast railroad problem and its national implications. He said...

"President Nixon's September 10th message to Congress called for "a spirit of responsible cooperation" in finding the ways to move forward in a number of key legislative matters. With particular reference to the problem of railroads and the threatened liquidation of Penn Central, he said:

"A failure of any significant part of our Nation's railroad system would impair our ability to move freight efficiently in all parts of our Nation."

"These words of the President put in proper perspective what is sometimes narrowly thought of as the "Northeast rail problem." It is, in fact, an urgent National problem that the Administration and Congress, working together, must promptly deal with -- and in a way that protects the public interest and the taxpayer interest.

"Stretching from New England to Chicago is a rail network served principally by six rail carriers. These six are now in bankruptcy, and the biggest one, the Penn Central, is on the verge of court-ordered shutdown. Such a shutdown would seriously affect the economy of the area served and the economic health of the Nation's full 200,000-mile

rail system.

"We are now at the point where only through responsible legislative action can a shutdown of Penn Central be avoided."

Secretary Brinegar explained a legislative program proposed to Congress based on four major principles...

"First, the legislation must protect the public interest in seeing that adequate rail service is provided where warranted; second, it must provide for a restructuring that involves the bankrupt carriers as a group; third, since we want to avoid a future replay of today's crisis, the restructured system must be economically viable, at least in the longterm; and fourth, Federal financial assistance should be coupled with private sector involvement -- it must be a joint effort, not just a burden on the taxpayers. We believe that these are reasonable and attainable goals."

Stressing a strong desire to work with Congress, Secretary Brinegar said...

"We do not want to have a confrontation on this matter. We do not want to have a bill that is potentially 'vetoable' nor one that really goes to the brink of a shutdown."

This has been the Transportation News Report.

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