



# DEPARTMENT OF TRANSPORTATION

# NEWS

## OFFICE OF THE SECRETARY

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BROADCAST NEWS SERVICE 73-203

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The U.S. Department of Transportation Broadcast News Service for Wednesday, October 10 has a story by a Department spokeswoman on Northeastern rail testimony given today by Transportation Secretary Brinegar.

"Transportation Secretary Claude Brinegar testified today before the House Committee on Interstate and Foreign Commerce on two parts of the proposed legislative solution to the Northeast rail crisis which his Department feels have especially serious possible consequences. One provision is that the rail and other properties to be acquired by a new corporation be transferred by a process of Federal condemnation with the cost to the corporation being determined by a court. He said the approach would likely lead to a higher value on the bankrupt assets than is warranted and could involve payment in cash or readily marketable bonds.-- which means government guarantees. According to Secretary Brinegar that would either sink the new company before it starts or force large costs to the taxpayers. The Transportation Department advocates the issuance of equity stock and the sale of bonds to raise needed start-up cash and necessary capital for maintenance and expansion. Secretary Brinegar also said that a precise rail-labor agreement proposed for the legislation would freeze into statute details which should be worked out in open environment by labor and management who must live with the results. The Department recommends that the legislation concentrate on the necessary general principals of labor protection, with negotiated agreements brought back to Congress for approval."

This has been the Transportation News Report.