ffel

EXECUTIVE (2)

TN4
LG/ Cincinnati
FG 301

April 2, 1971

Dear Mr. Kendall:

Congressman Walter E. Powell of Ohio is very concerned about the decision to bypass Cincinnati as a gateway to the South. He has asked us to look into the situation with a view toward possible modification of the decision.

To support his contention that some change would be of benefit, he has developed a comprehensive study of the efficacy of routing trains through Cincinnati. I have taken the liberty of attaching the material he has developed for your edification. My hope is, that you can supply him with a substantive support for your decision versus his estimate of the situation.

Will you kindly furnish this office with copies of materials you may furnish to Congressman Powell.

Thank you.

Sincerely,

William E. Timmons
Assistant to the President

Honorable David Kendall
Chairman
National Railroad Passenger Corporation
800 L'Enfant Plaza
Washington, D. C.

JEN:ef

RECEIVED
APR 5 1971
CENTRAL FILES

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE
ST35
HE9-3
CA8
TN4
LA2

April 2, 1971

Dear Congressman Powell:

As Mr. Timmons indicated in his letter of March 29 to you, I have been attempting to resolve some of the problems outlined in your letter of March 24.

First, I have asked Mr. Jack Woolley of HUD to help you with the sewer program at Carlisle, Ohio. Secondly, I have contacted Mr. Pyle of your office and obtained for him the letter outlining the decision on the "N" Reactor at Hanford.

Insofar as the Clinton County Air Force Base is concerned, I fear that there is no possibility to revoke the decision which has been made. Mr. Don Bradford of the Department of Defense has been in the area to study future use of the Base. We have asked him to report his findings to you.

The S.S.T. decision has prompted studies to develop programs for utilizing the skills of technical manpower. Top priority has been given to the problem and I am confident that we will have some information shortly. One development is outlined in the attached transcript of the Press Conference of Secretary Hodgeon and Dr. Edward David.

Finally, Mr. Timmons has forwarded the information you developed on rail passenger service to Mr. Kendall of the Federal Railroad Passenger Corporation. A copy of his letter, which is self-explanatory, is attached for your information.

In the event that new developments occur, I will keep you informed. It is my hope that the foregoing, while not completely resolved, is of assistance to you.

Sincerely,

John E. Nidecker
Deputy Special Assistant
to the President

RECEIVED
APR 5 1971
CENTRAL FILES

Honorable Walter E. Powell
House of Representatives
Washington, D. C.

JEN:ef

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE.
TN4

April 7, 1971

Dear Cliff:

This will acknowledge and thank you for your letter to the President expressing your concern over the decision not to place the Union Pacific route in the railroad passenger service network announced by Railpax. You may be assured your letter and the background material you included will be brought to the President's attention at the earliest opportunity.

With warm regards,

Sincerely,

William E. Timmons
Assistant to the President

Honorable Clifford P. Hansen
United States Senate
Washington, D. C. 20510

sent 4-9

bcc: w/incoming to Dept. of Transportation (Laurence Burton) for further handling.
bcc: Kenneth BeLieu - FYI

WET:EF:VO:vo

RECEIVED
APR 10 1971
CENTRAL FILES

Reproduced at the Richard Nixon Presidential Library and Museum

CLIFFORD P. HANSEN
WYOMING

United States Senate

WASHINGTON, D.C. 20510

April 2, 1971

The Honorable Richard M. Nixon
President of the United States
The White House
Washington, D.C.

Dear Mr. President:

The railroad passenger service network recently revealed by the National Railroad Passenger Corporation leaves Wyoming with no rail passenger service of any kind. This will be accomplished by the discontinuance of east-west service currently provided across Wyoming on the double-track system of the Union Pacific Railroad. Instead of the Wyoming route, the Railpax Incorporators chose to utilize a single-track system through Colorado maintained by the Denver and Rio Grande Western, apparently because the Colorado route was more scenic.

On the basis of my understanding of Congressional intent in authorizing establishment of this system, I protest the Corporation's decisions as they affect Wyoming because I believe them to be illogical and at cross-purposes with Congressional intent. The decision to drop Wyoming's existing service will serve neither the traveling public of this nation, nor the State of Wyoming.

By rejecting use of the faster, more efficient and better maintained Union Pacific system across Wyoming, the Railpax Incorporators have lengthened the time it will take for the public to travel from east to west, have placed in jeopardy the ability of the single-track Denver and Rio Grande Western to effectively compete with the Union Pacific's freight operations, and have dealt a serious blow to the economy of Wyoming.

Despite this decision by the Incorporators, I will continue to do all I can to save the trains in Wyoming, and I am hoping the Incorporators will reconsider their decision. Any assistance you could provide in urging that this decision be reconsidered would be deeply appreciated.

Kind personal regards,

Sincerely yours,

Clifford P. Hansen
U S S

CPH:ph
encs.

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE

TN 4
ST 50
FG 301

April 6, 1971

Dear Mr. Kendall:

Per our conversation yesterday, I would much appreciate your drafting a response for either the President's or my signature to Governor Stan Hathaway of Wyoming.

You will note how sensitive this letter is, and I think it is most appropriate that we respond as fairly and in as forthcoming a manner as possible.

Thank you very much.

Sincerely,

Egil Krogh, Jr.
Deputy Assistant to the President
for Domestic Affairs

Mr. David W. Kendall
Chairman
National Railroad Passenger Corporation
955 L'Enfant Plaza North, S.W.
Washington, D.C. 20024

EK:jd

RECEIVED
APR 6 1971
CENTRAL FILES

Reproduced at the Richard Nixon Presidential Library and Museum

PRESERVATION COPY

WYOMING
EXECUTIVE DEPARTMENT
CHEYENNE

STANLEY K. HATHAWAY
GOVERNOR

March 22, 1971

The President
The White House
Washington, D. C.

Dear Mr. President:

This is the first letter of complaint that I have written to you and I will try to make it my last because I support you and your administration and what you are endeavoring to do for this nation.

I write this letter because the State of Wyoming has received a severe body blow in the announcement today of the National Railroad Passenger Corporation that Wyoming is eliminated from the Railpax route. I believe that the decision flies in the face of the goal of your administration to provide economical rail passenger service and the goal to build up rural America and to take some of the pressure away from the cities of this nation. Adequate transportation is the biggest single inhibiting factor in the economic development of rural states like Wyoming. Without adequate transportation, these states will never be able to make the contribution to the nation that they are capable of making.

The Railpax route could have run from Denver, Colorado, to Cheyenne, Wyoming, across southern Wyoming to Ogden, Utah. This route is the fastest and most economical and would have provided rail passenger service to three states. The Corporation, however, has ignored the time factor and the economics and it has elected to exclude Wyoming entirely under the guise of some traveler's demand to use the scenic route through the Rockies on the single track of the Denver-Rio Grande Railroad.

Reproduced at the Richard Nixon Presidential Library and Museum

This is a bitter pill to swallow for the State of Wyoming which has historically been on the first and main rail service line to the West Coast. The land grants held by Union Pacific Railroad have produced great mineral wealth and mineral wealth still existing on the land grants to the Union Pacific is worth more than all of the other assets of Union Pacific.

The decision by the Corporation is a bitter pill for Senator Hansen and I to swallow in a political sense. We have made our agruments to Secretary Volpe and to Mr. David W. Kendall, Chairman of the National Railroad Passenger Corporation, to no avail. The decision should have favored the State of Wyoming on the facts with no political considerations.

I call this matter to your attention because I am sure that you are not aware of the ramifications of the decision that has been made by the National Railroad Passenger Corporation. I sincerely hope that the equities of this decision will be reviewed and that my state with very minimal air passenger service will not also be deprived of its only railroad passenger service.

With best wishes, I am

Sincerely yours,

Stan Hathaway

SH:c

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE
TN 4
FG 25
(2)

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

April 12, 1971

MEMORANDUM FOR DWIGHT CHAPIN

You will note the attached remarks by Henry Cashen. Chuck Colson agrees completely with these remarks. He strongly feels the President should be kept out of this Railpax operation.

W. Richard Howard

Reproduced at the Richard Nixon Presidential Library and Museum

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

April 9, 1971

MEMORANDUM FOR: CHARLES W. COLSON

FROM: HENRY C. CASHEN II

With respect to the attached memo from Dwight, my current ideas are completely negative as to the President becoming involved publicly with Railpax on May 1. As you know, about 50% of passenger railroad service will be eliminated and many of our Republican Governors in the West and Northwest are extremely upset over the decisions made as to which routes to eliminate. My recommendation would be to let Volpe take all the action on this one.

Attachment.

RECEIVED
APR 13 1971
CENTRAL FILES

Reproduced at the Richard Nixon Presidential Library and Museum

71

EXECUTIVE (1)
TN4
ST12

April 2, 1971

Dear Jim:

We have gone through all areas of exploration insofar as the Railpax situation is concerned. It is my understanding that any possibility for a feeder route would have to be approved by the Corporation before it could be established. May I suggest that you contact

Mr. David Kendall, Chairman
National Railroad Passenger Service
Suite 955
800 L'Enfant Plaza
Washington, D. C.
Phone 554-5700

I hope that some satisfactory explanation will be given to you. However, should that not be the case, let me know and I will see what we can do further.

Best wishes.

Sincerely,

William E. Timmons
Assistant to the President

Honorable James A. McClure
House of Representatives
Washington, D. C. 20515

JEN:ef

RECEIVED
APR 5 1971
CENTRAL FILES

Reproduced at the Richard Nixon Presidential Library and Museum

[redacted]

Memo to WEF.
From [redacted]
Subject: Railpax Routes

It was doubly unfortunate that Railpax was announced yesterday. We will probably lose support for S.S.T. and for Revenue Sharing as a result.

To answer the Clure we can only refer him to the Corporation. ~~Washington~~ His contact should be National Railroad Passenger Service
Mr. David Kendall, Chairman
Suite 955
800 L'Enfant Plaza
Washington, D.C. - 544-5700

Reproduced at the Richard Nixon Presidential Library and Museum

To add a feeder route, the local community must establish the route - prove its worth - then apply for a Railpax takeover.

The system is not only costly but will undoubtedly ruffle many feathers.

One ironic thought Bob Bennett is their P.R. consultant.

Reproduced at the Richard Nixon Presidential Library and Museum

John –

Pls handle with McClure in best way possible. McClure has not heard back yet.

BG

Reproduced at the Richard Nixon Presidential Library and Museum

THE WHITE HOUSE

WASHINGTON

BT

Re: the attached

I'm afraid the editorial is quite correct. There are three trains across the west from Chicago and none pass through Wyoming as alleged.

Shall we acknowledge Jim's letter and ask DoT (Rail Pax) if there is any possibility of adding "feeder" lines to cover this area or just let them tell McCloure the "facts of life?"

attached is the overall Rail-pax plan.

John N -
Can you check to see how we can respond to McClure on this? There must be service to Wyoming.
BT

Mr. David Kendall, Chairman
95 - 600 S. Eighth West
Salt Lake
Nat-Railpass Review
554-5700

Reproduced at the Richard Nixon Presidential Library and Museum

THE WHITE HOUSE
WASHINGTON

Date _____

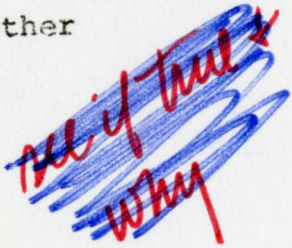
TO: L

FROM: William E. Timmons

Please Handle _____

For Your Information ____

Other



Reproduced at the Richard Nixon Presidential Library and Museum

JAMES A. McCLURE
1ST DISTRICT, IDAHO

1034 LONGWORTH BUILDING
(CODE 202) 225-6611

DISTRICT OFFICE:
805 IDAHO STREET, ROOM 319
BOISE, IDAHO 83702
(CODE 208) 343-1421

JAMES A. GOLLER
DISTRICT ASSISTANT

Congress of the United States
House of Representatives
Washington, D.C. 20515

COMMITTEES—SUBCOMMITTEES
INTERIOR AND INSULAR AFFAIRS
IRRIGATION AND RECLAMATION
PARKS AND RECREATION
MINES AND MINING

POST OFFICE AND CIVIL SERVICE
POSITION CLASSIFICATION
POSTAL OPERATIONS

RICHARD K. THOMPSON
ADMINISTRATIVE ASSISTANT

March 8, 1971

MAR 18 1971

Mr. William Timmons
Special Assistant to
the President
The White House
Washington, D.C.

Dear Bill:

I thought you would be interested in reading a typical reaction in my part of the country to the decision to leave most of Idaho out of the Railpax system. It is being taken as a political decision by the news media. Consequently, it can only have grave consequences on the fortunes of our party in the future.

Sincerely,

James A. McClure, M.C.

McC:kj
Enclosure

Reproduced at the Richard Nixon Presidential Library and Museum

PRESERVATION COPY

LEWISTON MORNING TRIBUNE. Opinion | EDITORIALS LETTERS COLUMNS

WEDNESDAY, FEB. 24, 1971 Page 4

A Rail Plan That Ignores The West

In recent years, federal transportation views have edged more and more toward a policy of refusing to believe that there are any people living in all that wilderness between Chicago and the West Coast.

In earlier discussions of the proposed supersonic transport, there were federal assurances that the plane would not fly at sonic-booming speeds over "populated areas." That appeared to mean that the planes would fly at subsonic speeds over Seattle and Chicago and would only produce the booms over such tiny and insignificant collections of humanity as those in eastern Washington, northern Idaho, Montana and the Dakotas.

That little misunderstanding was cleared up with federal assurances last year that the planes would fly at supersonic speeds only over the ocean.

Now comes the National Railroad Passenger Corp., the Railpax, which is taking command of railroad passenger services in the nation as a way of rescuing the country from railroad overemphasis on freight.

Railpax goes into operation May 1. There are three major routes from Chicago to the West. One goes across Montana and the top of north Idaho to Seattle. One goes through Utah to San Francisco. And one through southern Arizona and New Mexico to Los Angeles.

If you live in Wyoming, southern Idaho, north central Idaho, eastern Oregon or most of eastern Washington, you don't exist.

President Nixon's Transportation Department appears to be reaching the same fashionable eastern conclusion that originally surfaced with the SST: There is nothing but a few isolated pockets of non-traveling hicks stashed away in all that nothingness.

The inland West was very good to Mr. Nixon in the 1968 election. If his administration continues to forget about this region and treat it like an inconsequential collection of country bumpkins — who never travel anyway — Mr. Nixon's next campaign might not be greeted quite so cheerfully.

There is more to passenger train service in this region than whistle stopping through it for votes. — B.H.

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE (4)

TN4
TN7
FG6-11-1/ FLANIGAN, PETER M.
ELMER, BILL
SPICKERMAN, JOHN

April 5, 1971

Dear Mr. Blaske:

Thank you for your letter of March 12 and the enclosed outline on transportation deregulation which I found most interesting.

I enjoyed our meeting very much and your contribution to the discussion is deeply appreciated. You may be assured that your views will be carefully considered.

Sincerely yours,

Peter M. Flanigan
Assistant to the
President

Mr. Floyd H. Blaske
American Commercial Barge
Line Company
P.O. Box 610
1701 East Market Street
Jeffersonville, Indiana 47130

RECEIVED
APR 6 1971
CENTRAL FILES

Reproduced at the Richard Nixon Presidential Library and Museum

231A

AMERICAN COMMERCIAL BARGE LINE COMPANY

P.O. Box 610
1701 East Market Street
Jeffersonville, Indiana 47130
Phone: 812/283-3551

F. H. Blaske, President

Division of Texas Gas
Transmission Corporation

March 12, 1971

Mr. Peter M. Flanigan
Assistant to the President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D. C. 20500

Dear Mr. Flanigan:

During the recent visit with you and part of your staff which was attended by Mr. Bill Elmer and Mr. John Spickerman in addition to myself, it was indicated that I would follow up the discussion with a general outline of the position of the water carrier segment of Texas Gas Transmission.

It was a real pleasure to have the opportunity of sitting with you and those in attendance to discuss what we naturally consider to be a very vital subject. Although we did not make specific proposals at the time and the attached comments do not make specific recommendations I believe they do state fairly observations which would be critical in any complete change of the regulatory system for surface transportation.

As was indicated at the time I will be most pleased to discuss any particular points at the request of you or your staff.

Very sincerely,

F. H. Blaske

Floyd H. Blaske

FHB:mcv

Reproduced at the Richard Nixon Presidential Library and Museum

COMMENTS ON PROPOSAL TO DEREGULATE TRANSPORTATION FROM WATER CARRIER VIEWPOINT

The main goal of the proposal seems to be to help alleviate the financial problems of many of the nation's railroads and at the same time abolish or abandon the regulatory system which has guided the transportation industry under the Interstate Commerce Act for several decades. No carrier would assert that the Interstate Commerce Act, or its implementation through the Commission and court decisions, has resulted in a perfect transportation system but on the whole it has fostered an efficient transportation system across the United States with low cost transportation being available to virtually all points.

As a basic proposition, it seems apparent that the financial problems of the railroads will not be solved by an economic formula which permits them to operate at out-of-pocket rates where competition is present since a history of railroad pricing, even under the guidance of the Interstate Commerce Act, has indicated that the railroads will engage in such unprofitable pricing practices whenever they are permitted to do so.

The deregulation proposal assumes that one of the results of deregulation will be a massive realignment in the transportation

Reproduced at the Richard Nixon Presidential Library and Museum

patterns and pricing now prevailing across the country. For instance, it assumes that motor carriers will become primarily short haul and local pickup and delivery carriers and that the railroads will capture most of the long haul traffic, primarily because they will be permitted to reduce their rates to an out-of-pocket basis since competition would initially be present. It also assumes that some of the present barge traffic would be captured by the railroads in a similar manner. It should be remembered that the railroads do not presently have sufficient equipment to handle much of the traffic now available to them and certainly additional equipment cannot be financed on a sound basis by out-of-pocket rates.

Water carriers have available to them very few routes of transportation and rarely are duplicate or parallel routes available. For instance, the only route from Pittsburgh to New Orleans is down the Ohio River to the Mississippi River and then down the Mississippi River to New Orleans. In virtually all cases railroads can handle the same traffic that moves by water, given available equipment, either on a single line or a joint route, all rail basis. Thus, virtually all barge traffic is subject to potential rail competition and might be captured by purely out-of-pocket rates by the

Reproduced at the Richard Nixon Presidential Library and Museum

railroads. Although some of the barge traffic is committed on relatively long term heavy volume contracts, there certainly would be no incentive to water carriers to continue to improve their technology and upgrade their facilities when all of their traffic would be subject to eventual capture on such terms.

We believe that the assumption that deregulation will lead to a rational system of transportation based upon cooperation between the various modes in their own self interest is not one that can be historically supported. The Interstate Commerce Act itself requires cooperation between the various carriers in working together toward joint rates. Even in view of the provisions of the Act, the water carriers have spent hundreds of thousands of dollars in legal fees attempting to establish such joint rates, particularly with the railroads, and over the past few years have carried on a very intensive campaign to accomplish such joint movements on a voluntary basis. Some small headway has been made under the shadow of the Interstate Commerce Act, but there is no reason to believe that with that incentive removed the railroads will cooperate with other modes of transportation, even though such movements can be proved to be profitable to them, any more than they have in the past. It must be remembered that much of the animosity between the various modes is traditional and ingrained in

Reproduced at the Richard Nixon Presidential Library and Museum

management at all levels more than it is enlightened. In typical situations in the past, the railroads have resisted making joint rates with water carriers and have been adamant in their refusal if, by making a joint rate and allowing a water carrier to participate, the railroad movement ends up in a shorter haul. The railroads have also constantly given rate preference to a connection with another railroad over a connection with a water carrier even though, by so doing, the railroad has lost control and use of its equipment for an extended period of time.

Assuming that the present regulatory system is abandoned, either gradually or at once, it seems that it would be absolutely necessary to subject transportation to all of the antitrust laws, many of which do not now apply, particularly since there is a great disparity in size and economic power between railroads and many of the motor carriers and barge lines. We are particularly concerned about and believe that the antitrust laws should be applied to predatory pricing practices which are intended to eliminate competitors with the eventual result that the large carriers will be able to engage in monopolistic pricing practices. In the absence of the Interstate Commerce Commission, it seems that it would be necessary to develop a new policing system, either within the Justice Department or elsewhere which would really be parallel with the

Reproduced at the Richard Nixon Presidential Library and Museum

present Interstate Commerce Commission system in many respects. It would probably also be necessary to develop a system of transportation courts, perhaps similar to the tax court, to deal with the tremendous case load which is bound to develop at the instance of shippers and competing carriers who believe that unfair practices are being perpetrated upon them.

We are particularly concerned that two classes of shippers will suffer greatly from the proposed transportation system. The first of these is the small shipper who obviously will not have the same bargaining power as will his larger competitors who can offer volume movements and who will be sought out for long term contract rates by all available modes and competitors within modes. Transportation costs are one item that has been relative stable to all manufacturers over the years in considering plant location and other distribution problems.

The other category of shipper who will undoubtedly suffer is the one which is located at an intermediate point between large cities. These intermediate shippers presently have protection against discriminatory pricing under Section 4 of the Interstate Commerce Act which, in effect, says that their freight rates may not be higher than those shippers who are located farther away from the ultimate destination than they are. Again, in many instances, the location of

Reproduced at the Richard Nixon Presidential Library and Museum

their facility has been determined by reliance upon the relative stability of freight rates and knowledge that their rates will not be changed other than in relation to the rates charged to their competitors. Any substantial realignment in transportation pricing and competitive practices will undoubtedly result in such other major economic changes as plant relocation and unemployment.

Another point of great concern is the elimination of the bureau agreements which are permitted under Section 5 a of the Interstate Commerce Act. Rate bureaus do not normally have an anti-competitive effect since carriers with different philosophies can and do take individual actions in many instances. Except for general increases which are permitted by the Commission for the general health of the industry, and which, in contrast to the railroads, have been rarely sought by the water carriers, the greatest volume by far of matters handled by the Waterways Freight Bureau is reduction requests initiated by its member companies. In the transportation industry, as in other industries, there is always a tendency for all carriers to conform to the lowest rate proposal. The availability of the rate bureaus for such matters as tariff compiling and publishing have been of great assistance in

Reproduced at the Richard Nixon Presidential Library and Museum

holding down administrative costs to all carriers. In view of the fact that even under the deregulation proposal just as much, if not more, oversight of costs and rates must still be undertaken it seems that rate bureaus would continue to have a valid and proper place.

The barge line industry has been for many years subject to various attempts by railroads to obtain water carrier operations. Even currently, one of the nation's wealthiest and best managed railroads is attempting to engage in barging activities on a joint water-rail movement, where it would handle the water movement itself, even though existing water carriers have indicated a willingness to handle the water portion. This type of activity, in the absence of regulation, permits large railroads with capital backing to buy or start barge lines which can be operated on an unprofitable basis with full opportunity to pad the rail portion of the movement, even to a rather extreme degree, since competition would not be present for the rail movement. Obviously, independent barge lines cannot compete against that type of pricing and joint movement.

It must be anticipated that further efforts will be made by the railroads to acquire water and motor carrier operations, either through purchase or expansion, and that in the long run, except for

Reproduced at the Richard Nixon Presidential Library and Museum

a few peripheral services, the great volume of transportation in this country will end up in the hands of a very few large and powerful companies. Obviously the water and motor carriers will not have the same opportunities for expansion into the railroad industry. Thus, it appears that deregulation would not accomplish the anticipated cooperative atmosphere which would promote competition. Except to the extent that rates may be reduced for some relatively short period of time through predatory practices for monopolistic purposes, we believe that deregulation would rather promote and establish large monopolies which would, in turn, have the ability to increase rates over the long run.

JRH:mar
[3-9-71]

Reproduced at the Richard Nixon Presidential Library and Museum

EF

EXECUTIVE
JN4

April 6, 1971
2:10 p.m.

MEMORANDUM FOR: DAVE PARKER

FROM: DWIGHT CHAPIN

Rail Pax goes into operation, I believe, May 1. Would you see if there are any recommended Presidential activities on the occasion of that event.

Please let me see a plan on this.

cc: Steve Bull
Chuck Colson

RECEIVED
MAY 5 1971
CENTRAL FILES

Reproduced at the Richard Nixon Presidential Library and Museum

PRESERVATION COPY

EXECUTIVE
TN 4
FG 301
Whitcomb, Edgar D.
ST 14

THE WHITE HOUSE

WASHINGTON

April 7, 1971

MEMORANDUM FOR

Mr. David Kendall
Chairman
National Railroad Passenger
Corporation

Would you please have someone draft a reply to this letter for the Vice President's signature? I would appreciate it if the draft could then be returned to my office.

Thank you very much.

Egil Krogh, Jr.
Deputy Assistant to the President
for Domestic Affairs

Attachments

RECEIVED
APR 8 1971
CENTRAL FILES

Reproduced at the Richard Nixon Presidential Library and Museum

OFFICE OF THE VICE PRESIDENT
WASHINGTON, D.C.

April 7, 1971

TO: Bud Krogh

FROM: C. D. Ward C.D.W.

May we have a proposed reply on the attached? Thanks.

Reproduced at the Richard Nixon Presidential Library and Museum

STATE OF INDIANA
OFFICE OF THE GOVERNOR
INDIANAPOLIS

EDGAR D. WHITCOMB
GOVERNOR

PRESERVATION COPY

March 31, 1971

The Honorable Richard M. Nixon
President of the United States
The White House
Washington, D. C.

My dear Mr. President:

VP

The National Railroad Passenger Corporation recently announced rail passenger routes and the number of passenger trains to be utilized by this new corporation in providing this country's rail passenger service.

This sparse service fails to meet the standards enunciated by Congress in the Congressional Findings and Declaration of Purpose section of the Rail Passenger Service Act of 1970.

Congress found "that the public convenience and necessity require the continuance and improvement of such service to provide fast and comfortable transportation between crowded urban areas and in other areas of the country; ***that the traveler in America should to the maximum extent feasible have freedom to choose the mode of travel most convenient to his needs; ***".

The east and midwest is faced with diminuition of rail passenger service between New York City and Chicago from the present sixteen (16) trains per day to the announced two (2) trains per day. This cannot be construed to be a continuance and improvement of service between two points of such obvious importance to our country.

These sixteen (16) passenger trains presently traverse three (3) routes. Only one (1) route (Penn Central via Philadelphia, Pittsburgh and Fort Wayne) was chosen. We agree that this is an excellent route and must be utilized due to speed, population, profitability and connections. However, I earnestly request that you intercede to add another traditional and major route (old New York Central) between New York City and Chicago.

The omission of this route will leave Cleveland and Toledo, Ohio without passenger train service. I find this omission to be intolerable. It is an obvious contravention of congressional purpose as stated in the Rail Passenger Service Act of 1970.

Reproduced at the Richard Nixon Presidential Library and Museum

The utilization of this route will connect five of the largest cities of New York State with Cleveland, Chicago and such points in Indiana as South Bend with its Notre Dame University. It will also connect one of Indiana's fastest growing industrial areas (east of Chicago) with Chicago, Cleveland and New York State. These connections are of great importance to Indiana.

The General Assembly of Indiana, by House Concurrent Resolution No. 38, and the Public Service Commission of Indiana have requested rail passenger service between Detroit and St. Louis via Toledo, Ohio. I concur in this request, and regret to inform you that it was not included in Secretary Volpe's basic system. Please note that Detroit-St. Louis service was recommended by the I.C.C.

The new plan will remove all rail passenger service from ten (10) routes presently providing passenger service in Indiana. The national dissatisfaction to this plan is, therefore, quite evident in Indiana. Accordingly, I ask you to take action to enlarge the service announced by the National Railroad Passenger Corporation.

The people of America expected an improvement in rail passenger service and instead will receive a giant reduction in service. The federal government should not have entered this field to reduce rail passenger service.

The people of the State of Indiana seek your assistance in this matter.

Sincerely,

Edgar D. Whitcomb

Edgar D. Whitcomb
GOVERNOR OF THE
STATE OF INDIANA

EDW/dm

Reproduced at the Richard Nixon Presidential Library and Museum

(4)

THE WHITE HOUSE OFFICE

EXECUTIVE
PR13-1/28
TN4
ST28

REFERRAL

To: The Secretary of Transportation Date: April 13, 1971

ACTION REQUESTED

_____ Draft reply for:
_____ President's signature.
_____ Undersigned's signature.

_____ Memorandum for use as enclosure to reply.

_____ Direct reply.
_____ Furnish information copy.

__X__ Suitable acknowledgment or other appropriate handling.
_____ Furnish copy of reply, if any.

_____ For your information.

_____ For comment.

NOTE

Prompt action is essential.

If more than 48 hours' delay is encountered, please telephone the undersigned immediately, Code 1450.

Basic correspondence should be returned when draft reply, memorandum, or comment is requested.

REMARKS:

Description: Letters to the President from the following re Railpax:

_____ Letter: _____ Telegram: Other:

To:
From: Zelvin D. Lowman, Assemblyman, and others, Nevada Legislature, Las Vegas, Nevada, 4/7 - urging review decision end passenger service on the Union Pacific for Las Vegas;
Date:
Subject: Resolution -- W. Barnhart, Acting Mayor, Livingston, Montana - passed 4/6- Opposing Railpax routing thru Northern Montana and directing that rail passenger service be furnished to Southern Montana.

By direction of the President:

Noble M. Melencamp
Staff Assistant
to the President

rah - e

(White House File Copy)

Reproduced at the Richard Nixon Presidential Library and Museum

(3)

EXECUTIVE

PR13-2/Livingston

IN4

LH/Livingston

THE WHITE HOUSE OFFICE

REFERRAL

To: The Secretary of Transportation Date: April 13, 1971

ACTION REQUESTED

_____ Draft reply for:
_____ President's signature.
_____ Undersigned's signature.

_____ Memorandum for use as enclosure to reply.

_____ Direct reply.
_____ Furnish information copy.

__X__ Suitable acknowledgment or other appropriate handling.
_____ Furnish copy of reply, if any.

_____ For your information.

_____ For comment.

NOTE

Prompt action is essential.

If more than 48 hours' delay is encountered, please telephone the undersigned immediately, Code 1450.

Basic correspondence should be returned when draft reply, memorandum, or comment is requested.

REMARKS:

Description: Letters to the President from the following re Railpax:

_____ Letter: _____ Telegram: Other:

To:
From: Zelvin D. Lowman, Assemblyman, and others, Nevada Legislature, Las Vegas, Nevada, 4/7 - urging review decision end passenger service on the Union Pacific for Las Vegas;
Date:
Subject: Resolution -- W. Barnhart, Acting Mayor, Livingston, Montana - passed 4/6- Opposing Railpax routing thru Northern Montana and directing that rail passenger service be furnished to Southern Montana.

By direction of the President:

Noble M. Melencamp
Staff Assistant
to the President

rah: - 2

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE

PR13-1/35
IN4

April 13, 1971

Dear Mr. Bateman:

This will acknowledge the receipt of the certified copy of the Resolution adopted by the Senate of the State of Ohio, which you recently forwarded to the President.

Your courtesy in the transmittal of this Resolution is very much appreciated.

Sincerely,

Noble M. Melencamp
Staff Assistant
to the President

Honorable Thos. E. Bateman
Clerk of the Senate
of the State of Ohio
Columbus, Ohio 43216

TRANSPORTATION:

rah

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE (8)
PR13-1
ST38
ST35
ST32
ST22
ST14
TN4

THE WHITE HOUSE OFFICE

REFERRAL

To: The Secretary of Transportation Date: April 14, 1971

ACTION REQUESTED

_____ Draft reply for:
_____ President's signature.
_____ Undersigned's signature.

_____ Memorandum for use as enclosure to reply.

_____ Direct reply.
_____ Furnish information copy.

__X__ Suitable acknowledgment or other appropriate handling.
_____ Furnish copy of reply, if any.

_____ For your information.

_____ For comment.

NOTE

Prompt action is essential.

If more than 48 hours' delay is encountered, please telephone the undersigned immediately, Code 1450.

Basic correspondence should be returned when draft reply, memorandum, or comment is requested.

REMARKS:

Description:

__X__ Letter: _____ Telegram; Other:

To: The President
From: Henry W. Eckhart, Chairman, Great Lakes Committee for an Improved Railpax, Ohio Public Utilities Commission, 111 N. High Street, Columbus, Ohio
Date: 4/5/71
Subject: Concerned about obtaining additional Railpax service fm NY to Chicago and fm Detroit to Toledo as well as fm Pittsburgh-Cleveland and eastward; encl resolution.

By direction of the President:

Noble M. Melencamp
Staff Assistant
to the President

RECEIVED
APR 15 1971
CENTRAL FILES

ah - 2

(White House File Copy)

George J. Bloom
Willis F. [illegible]

Reproduced at the Richard Nixon Presidential Library and Museum

THE WHITE HOUSE OFFICE

EXECUTIVE (3)
PR 13-2/FARGO
IN 4
LG/FARGO

REFERRAL

To: The Secretary of Transportation Date: April 19, 1971

ACTION REQUESTED

_____ Draft reply for:
_____ President's signature.
_____ Undersigned's signature.

_____ Memorandum for use as enclosure to reply.

_____ Direct reply.
_____ Furnish information copy.

__X__ Suitable acknowledgment or other appropriate handling.
_____ Furnish copy of reply, if any.

_____ For your information.

_____ For comment.

NOTE

Prompt action is essential.

If more than 48 hours' delay is encountered, please telephone the undersigned immediately, Code 1450.

Basic correspondence should be returned when draft reply, memorandum, or comment is requested.

REMARKS:

Description:

_____ Letter: _____ Telegram: Other: Resolution

To: The President
From: Herschel Lashkowitz, Mayor and President, Board of City Commissioners,
Date: 4/13/71 City of Fargo, North Dakota
Subject: Expressing deep concern of Fargo City Commission over Railpax proposal -- urge modification so that "southern swing" of State will not be cut off from rail transportation.

By direction of the President:

Noble M. Melencamp
Staff Assistant
to the President

rah

(White House File Copy)

Reproduced at the Richard Nixon Presidential Library and Museum

THE WHITE HOUSE OFFICE

EXECUTIVE

REFERRAL

PR13-2/Cattaraugus County

TN 4

To: The Secretary of Transportation

Date: April 22, 1971

ACTION REQUESTED

_____ Draft reply for:
_____ President's signature.
_____ Undersigned's signature.

_____ Memorandum for use as enclosure to reply.

_____ Direct reply.
_____ Furnish information copy.

__X__ Suitable acknowledgment or other appropriate handling.
_____ Furnish copy of reply, if any.

_____ For your information.

_____ For comment.

NOTE

Prompt action is essential.

If more than 48 hours' delay is encountered, please telephone the undersigned immediately, Code 1450.

Basic correspondence should be returned when draft reply, memorandum, or comment is requested.

REMARKS:

Description:

_____ Letter: _____ Telegram; Other: Copy of Resolution

To: The President
From: C. W. Baker, Clerk, Cattaraugus County Legislature, Little Valley, N.Y. 14755
Date: 4/19/71
Subject: Inclusion of a Chicago-Buffalo run to the Railpax route system

By direction of the President:

rba

Noble M. Melencamp
Staff Assistant
to the President

(White House File Copy)

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE

PR13-2 / Cattaraugus County

TN4

OFFICE OF THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

Mr. C. W. Baker
Clerk
Cattaraugus County Legislature
Little Valley, New York 14755

Dear Mr. Baker:

The President has asked that I acknowledge your transmittal of Act No. 113 of the Cattaraugus County Legislature concerning the routes over which the National Railroad Passenger Corporation will provide service after May 1.

All decisions concerning schedules, fares, reservations, tours, excursions, special trains, passenger services, promotions, and other marketing or operational services, will be made by the Corporation. For this reason, we have forwarded your correspondence to the Corporation for appropriate response.

We sincerely appreciate your interest in the improvement of rail passenger service.

Sincerely,

A. B. Virkler Legate
Executive Secretary

Mr. Noble M. Melencamp
Staff Assistant
the White House
Washington, D.C.

Mr. David Kendall
Chairman, National Railroad Passenger Corporation
955 L'Enfant Plaza North
Washington, D.C. 20024

Reproduced at the Richard Nixon Presidential Library and Museum

[redacted]

TN4

May 4, 1971

Dear Mr. Stanton: James V.

This is in further response to your letter to the President regarding the decision by the National Railroad Passenger Corporation not to provide service between Buffalo and Chicago via Erie, Cleveland and Toledo.

In checking, I have been informed that the decision was made after careful examination of the various alternatives. A number of criteria were examined including present and potential patronage and operating and terminal costs. While the Cleveland route serves a substantial population, it was ruled out primarily due to the extraordinarily heavy costs associated with that particular route. Specifically, the Cleveland and Toledo terminals represent annual expenses to the Corporation of several million dollars. Rail patronage on the line is presently down to an average of only 25 to 30 passengers per train mile. Therefore, the Corporation had to consider the heavy losses in the current operation, as well as the need to commit additional large sums of money necessary to improve and promote service in order to increase patronage and revenues. In view of the overall financing of the Corporation, the Directors felt that assumption of such a service, at least initially, would impose a severe burden on NRPC.

The Rail Passenger Service Act of 1970 does provide that state, local or regional agencies which greatly desire a

RECEIVED
MAY 6 1971
CENTRAL FILES

Reproduced at the Richard Nixon Presidential Library and Museum

continuation of passenger service, may request it, provided they also agree to subsidize at least two-thirds of any loss incurred in the operation of such service. It is our understanding that the Corporation is encouraging such service, and has already met with interested parties from the Great Lakes States concerning service west of Buffalo.

Sincerely,

Richard K. Cook
Special Assistant to
the President

Honorable James V. Stanton
House of Representatives
Washington, D.C. 20515

bcc: Laurence Burton, DOT - FYI 5-5

RKC:DOT:DF:dlb

Reproduced at the Richard Nixon Presidential Library and Museum

OFFICE OF THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

EP
pending

APRIL 23, 1971

APR 28 1971

MEMORANDUM FOR Honorable William E. Timmons
Assistant to the President
The White House

Attached is a draft of a suggested reply to Congressman James V. Stanton's letter of March 24, 1971, regarding the lack of rail service to Cleveland, Ohio.

Attachment

Reproduced at the Richard Nixon Presidential Library and Museum

DRAFT

Dear Mr. Stanton:

The decision by the National Railroad Passenger Corporation not to provide service between Buffalo and Chicago via Erie, Cleveland and Toledo was made after careful examination of the various alternatives.

A number of criteria were examined including present and potential patronage and operating and terminal costs. While the Cleveland route serves a substantial population, it was ruled out primarily due to the extraordinarily heavy costs associated with that particular route. Specifically, the Cleveland and Toledo terminals represent annual expenses to the Corporation of several million dollars. Rail patronage on the line is presently down to an average of only 25 to 30 passengers per train mile. Therefore, the Corporation had to consider the heavy losses in the current operation, ~~and~~ as well as the need to commit additional large sums of money necessary to improve and promote service in order to increase patronage and revenues. In

Reproduced at the Richard Nixon Presidential Library and Museum

view of the overall financing of the Corporation, the Directors felt that assumption of such a service, at least initially, would impose a severe burden on NRPC.

The Rail Passenger Service Act of 1970 does provide that state, local or regional agencies which greatly desire a continuation of passenger service, may request it, provided they also agree to subsidize at least two-thirds of any loss incurred in the operation of such service. It is our understanding that the Corporation is encouraging such service, and has already met with interested parties from the Great Lakes States concerning service west of Buffalo.

Sincerely,

RKc

Honorable James V. Stanton
House of Representatives
Washington, D.C. 20515

RKc:DoT:EF

bcc to Lawrence Burton, DoT - FYI

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE.

TN 4

March 30, 1971

Dear Mr. Stanton:

I would like to acknowledge and thank you for your letter to the President expressing your concern over the recent Railpax announcement of passenger train routes which did not include Cleveland in the system. You may be assured your request for a public hearing on this matter will be brought to the President's attention and also shared with those involved in consideration of establishing rail passenger routes.

With cordial regard,

Sincerely,

William E. Timmons
Assistant to the President

Honorable James V. Stanton
House of Representatives
Washington, D.C. 20515

Sent

bcc: w/incoming to DOT (Laurence J. Burton) for DRAFT REPLy

WET:EF:VO:vo

RECEIVED
APR 1 1971
CENTRAL FILES

Reproduced at the Richard Nixon Presidential Library and Museum

EF

BROUGHT FORWARD

EXECUTIVE

TN4 5-5-71

Previously filed Date

Name Memo for Dwight Chapin fm Haldeman

Organization

Re: Meeting with Railroad Executives

EXECUTIVE

BEH-37 5-10-71

New File Symbol Date

FINAL ACTION Memo for Mr. Haldeman fm Dwight Chapin re above

Reproduced at the Richard Nixon Presidential Library and Museum

C7 (3)

EXECUTIVE
TN4
FG 25-7
FG 17

DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION
WASHINGTON, D.C. 20591

OFFICE OF
THE ADMINISTRATOR

MAY 5 1971

MEMORANDUM FOR: Assistant Attorney General, Civil Division
Department of Justice
Deputy Under Secretary, Department of Treasury

SUBJECT: Interagency Committee on Railroad Reorganization

This is to advise that a meeting will be held of the Interagency Committee on Railroad Reorganization May 12 at 9 a.m. in Room 5424 at 400 Seventh Street, S.W.

Please advise my secretary, Mrs. Law, at 426-0857 whether you will attend.

Carl V. Lyon

Carl V. Lyon
Acting Administrator

cc: Honorable Peter M. Flanigan, Assistant to the President
Honorable James M. Beggs, Under Secretary, Transportation
Honorable James T. Lynn, General Counsel, Commerce
Honorable Barry J. Shillito, Assistant Secretary of Defense
3742 Honorable Jack W. Carlson, Office of Management and Budget
Honorable Robert C. Holland, Federal Reserve Board

RECEIVED
MAY 17 1971
CENTRAL FILES

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE
BE 4-37
TN4

May 10, 1971

MEMORANDUM FOR: MR. H. R. HALDEMAN

FROM: DWIGHT L. CHAPIN

Ehrlichman and Flanigan recommend the President postpone plans to meet with Railway Executives at this time. Ehrlichman is going to cover the subject with the President in one of his 3:00 p.m. meetings.

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE
TN 4
2825

May 10, 1971

MEMORANDUM FOR JACK CARLSON

FROM: PETER FLANIGAN

Would you please analyse the attached and let me know where we stand. As soon as I have your report I will schedule a meeting with Beggs.

Attachment
Memo dtd 5/4
from Jas. Beggs
re Penn Central

RECEIVED
MAY 17 1971
CENTRAL FILES

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF EMERGENCY PREPAREDNESS
WASHINGTON, D.C. 20504

EXECUTIVE
LA6-37
FA6-8
IN4
OFFICE OF THE DIRECTOR

MAY 17 1971

MEMORANDUM FOR HONORABLE JOHN D. EHRLICHMAN
ASSISTANT TO THE PRESIDENT FOR
DOMESTIC AFFAIRS

SUBJECT: OEP Rail Strike Actions

This is a summary of OEP actions to meet the effects of the rail strike:

1. On Friday, May 14, transmitted to Mr. Shultz, with a copy to Secretary Volpe, a proposed Executive order establishing a system of priorities and allocations for the use of the remaining transportation capacity of the Nation. This order, which the President signed today, No. 11594, is the same as that issued on December 10, 1970. This action and the other actions listed below are in accordance with our "Action Plan in Response to a Nationwide Rail Stoppage," issued on November 14, 1970.

2. Developed for application under the Executive order a Transportation Priority List. This is similar to that issued in December but has been brought up to date.

3. Activated today at 6:00 a.m. EDT the OEP Emergency Operations Center. It will be manned round the clock until the strike is settled. Our eight Regional Centers were activated at the same time.

4. Instructed the OEP Regional Directors to call a meeting of their Field Boards, established in September of 1970 and already alerted for such a contingency. (The Field Board, under the chairmanship of the OEP Regional Director, includes the affected departments and agencies and has the functions shown in the enclosed Circular.) Their first job will be to determine, by Region, which freight stops first and which is most critical for movement by other means of transportation.

RECEIVED
MAY 22 1971
CENTRAL FILES

Reproduced at the Richard Nixon Presidential Library and Museum

B/ -

May 17, 1971

EXECUTIVE
SP2-3-21
LA6-37
LE
TN4

TO THE CONGRESS OF THE UNITED STATES:

After extended efforts at settlement the Nation is once more confronted by an emergency arising from an unresolved labor dispute in the railroad industry. The dispute involves disagreement over wages, hours and working conditions between the Brotherhood of Railway Signalmen representing approximately 10,000 employees and the National Railway Labor Conference representing the Nation's railroads. Throughout the course of negotiations, the parties have had the assistance of the Federal Government in their efforts to resolve their differences. Now, all existing governmental procedures for resolving this dispute have been exhausted and the union has called a nationwide work stoppage this morning, May 17, 1971.

A nationwide stoppage of rail service would cause great hardship to all Americans and strike a serious blow at the Nation's economy. It is essential that our railroads continue to operate. I had hoped for a voluntary negotiated settlement of this dispute; however, this was not forthcoming. I am, therefore, recommending that Congress enact legislation which would extend the present negotiations until July 1, 1971. Such a recommendation is not only consistent with the national interest in continued rail service but preserves the processes of free collective bargaining. I have asked the Secretary of Labor to follow closely the situation as it develops, to continue assisting the parties and, if no settlement has been reached, to report to me and the Congress by June 21, 1971.

It is indeed regrettable that Congress must act once again to forestall another in a long line of crises occurring in the railroad industry. This situation reemphasizes the chaotic nature of collective bargaining in the transportation industry as it functions under existing legislation. The time has long since passed for active consideration and action by the Congress on the

Delivered to the Senate: 5/17/71 (11:21 a.m.)

Reproduced at the Richard Nixon Presidential Library and Museum

proposals which I have twice presented to it to resolve emergencies such as this in an equitable and conclusive manner and, thus, to preclude the necessity of Congressional action on each individual dispute. It is inexcusable that the Nation should continue to pay the price of archaic procedures for the resolution of labor-management disputes in the transportation industry.

However, pending such action, I must urge that Congress act immediately on the proposal we are now presenting so that a crippling stoppage can be averted and the Nation can continue to have rail service.

Richard Nixon

THE WHITE HOUSE,

May 17, 1971.

Reproduced at the Richard Nixon Presidential Library and Museum

May 21, 1971

EXECUTIVE
FA4
TN4

Dear Bob

Thank you for your May 14 letter. I appreciate having a copy of S. J. Res. 88 to provide for expansion of the intercity rail passenger system. I have noted the considerable interest in providing increased service and I will be pleased to pass along your proposed legislation to the appropriate persons for careful consideration.

With warm regards.

Sincerely,

Clark MacGregor
Counsel to the President
for Congressional Relations

Honorable Robert Taft, Jr.
United States Senate
Washington, D.C. 20510

~~bcc~~ w/incoming to Bill Gifford for further handling.

CM:EF:VO:vo

Reproduced at the Richard Nixon Presidential Library and Museum

Central Files

EXECUTIVE
LA6-37
TH4

BILLS RECEIVED AT THE WHITE HOUSE

DATE RECEIVED: 5/18/71

LAST DAY FOR ACTION: 5/29/71

	Referred to Budget	Report Received	Date Approved
S.J. Res. 100, Joint Resolution to provide for an extension of section 10 of the Railway Labor Act with respect to the current railway labor-management dispute, and for other purposes.	5/18/71		5/18/71

RECEIVED
MAY 20 1971
CENTRAL FILES

Reproduced at the Richard Nixon Presidential Library and Museum

BROUGHT FORWARD

EXECUTIVE

IN 4 — 5/26/71
Previously filed — Date

Name J. J. Pickle

Organization

EXECUTIVE

IN 4 — 6/17/71
New File Symbol — Date

FINAL ACTION Mr. Tom Davis
M. Ehrlichman from J. J.
Pickle

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE
TN4
FG25

9613

CF (2)

OFFICE OF THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

ASSISTANT SECRETARY

May 28, 1971

MEMORANDUM FOR Honorable Peter M. Flanigan
Assistant to the President

SUBJECT: Railway Legislation

Two separate bills have been drafted. In view of the discussions you and I had with Clark, I have sent neither the one dealing with regulation nor the one dealing with non-regulatory railroad programs to OMB for fan out in clearances. However, if this legislation is to see the light of day during 1971, it must needs get up to the Hill as close to mid-June as possible. Thus, time is running out on us.

I shall be out of the country all next week. However, Jim Beggs and John Ingram can carry the ball without missing a stride. I urge you, Jim and Clark (and John) to make your readings on these bills as early as possible so that any remaining clearance processes can be completed during the week of June 7.

If you will call Jim with whom I have discussed this in great detail, he will provide you with copies of the bills and provide any staff support and participate in any meetings necessary.

Both these bills are important pieces of legislation. They are good for the country and, specifically, good for transportation. I am not kidding one bit when I say I am grateful for the support you have provided. I truly hope we can get them through and passed in 1971. In many ways, they would be landmark legislation in my view.

Charles D. Baker

cc:
U/S Beggs
Mr. Binder
Mr. Kaufman
Mr. Ingram

GC

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE
HI1
TN4
ST9
FG25

(5)

June 1, 1971

Dear Mr. Binder;

Attached is some correspondence that I have received from various people concerning the Tice railroad bridge problem in Florida. Inasmuch as you were the motivating factor in having a hearing held, I thought you might be interested in this correspondence. Of particular interest is the paragraph which I have outlined in red in the most recent letter from Captain Hansen. It was my thought that you may want to do something further to expedite a resolution to their problem.

Thank you very much for your help in moving this project along.

Sincerely,

John E. Nidecker
Deputy Special Assistant
to the President

Honorable Robert H. Binder
Assistant Secretary
Department of Transportation
Washington, D. C.

JEN:jlc

RECEIVED
JUN 14 1971
CENTRAL FILES

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE

June 1, 1971

Dear Mr. Chairman:

This is to acknowledge and thank you for your May 28 letter to the President regarding the freeway rapid rail transit systems. I shall call it to the President's early attention.

With cordial regards,

Sincerely,

Bill

William E. Timmons
Assistant to the President

Honorable William H. Natcher
House of Representatives
Washington, D. C.

bcc w/inc to Mr. Dick Cook - FYI
bcc w/inc to Director Shultz (Attn: Bill Gifford) - FYI
bcc w/inc to Laurance Burton (DOT) - FYI

RECEIVED
JUN 3 1971
CENTRAL FILES

WET:EF

Reproduced at the Richard Nixon Presidential Library and Museum

WILLIAM H. NATCHER
SECOND DISTRICT, KENTUCKY

WASHINGTON OFFICE:
2333 HOUSE OFFICE BUILDING

V 5-31

MEMBER:
COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEES:
D.C. BUDGET, CHAIRMAN
LABOR—H.E.W.
AGRICULTURE—ENVIRONMENTAL AND CONSUMER PROTECTION

Congress of the United States
House of Representatives
Washington, D.C. 20515

May 28, 1971

BT

The President
The White House
Washington, D. C. 20500

My dear Mr. President:

This is to acknowledge receipt of and to thank you for your letter of April 27th concerning the freeway-rapid rail transit systems.

If the officials in the Department of Transportation and in the District Building had listened to you, we would have solved this impasse many months ago. Certainly I agree with you that there is a place for both a freeway system and a rapid rail transit system in our Capital City. In order to meet the tremendous day by day growth of traffic, the highway program must be carried out along with the present rapid rail transit system that is now under construction.

I do hope that the officials in the Department of Transportation and in the District Building carry out the commitments that they have recently made concerning compliance with the Highway Acts of 1968 and 1970.

You may rest assured that I will do everything within my power to be of assistance.

With cordial good wishes, I am

Sincerely yours,

William H. Natcher

William H. Natcher, M. C.

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE
BE 4-31
JN 4

June 7, 1971

MEMORANDUM FOR: MR. DAVID N. PARKER

FROM: DWIGHT L. CHAPIN

SUBJECT: AMTRAK Railway Leaders and Railway Unions

We can proceed with scheduling the RAILPAX leaders with the President for Tuesday, June 8, at 10:30 a.m. It should be thirty minutes only and they should report to the President. You can also lock the Railway leaders for Thursday, June 10. That would be at 11:00 a.m. At 3:30 p.m. on June 10, the President would like to meet with the Raily Union people. In other words, he wants to see both the leaders and the union people on the same day. Will you put together a list of these people and any appropriate questions that we need to get answered by Haldeman so that we can off?

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE
(4)
TN4
FG6-16
Tolan, Fred H.
FG1

June 10, 1971

MEMORANDUM FOR

DON RICE

Thanks for your note of June 9 on Freight Railroad Legislation.

Without attempting to prejudge the whole thing, S.1730 appears to be the lesser of the two evils (versus 1729) with the exception of the Federal contribution provision.

In any event, I would appreciate it if you would keep me posted on this.

Thank you.

KEN COLE

National Industrial Traffic League.

RECEIVED
AUG 5 1971
CENTRAL FILES

Reproduced at the Richard Nixon Presidential Library and Museum

ASSISTANT DIRECTOR
OFFICE OF MANAGEMENT AND BUDGET

6/9/71

TO: Mr. Ken Cole

FROM: Mr. Rice

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUN 9 1971

MEMORANDUM FOR MR. KENNETH R. COLE, JR.
Deputy Assistant to the President

Subject: Freight Railroad Legislation

Beginning last June, the Association of American Railroads (AAR) and other railroad interest groups, such as the National Industrial Traffic League (NITL), have pressed hard for a variety of legislative proposals to assist freight railroads. For instance, the often-cited AAR "ASTRO Report" calls for the following Federal programs:

1. Federal Government should require states to devote 10% ($500M annually) of Federal highway trust funds to grade crossing projects.

2. Railroads seeking to increase work on roadbed should have access to newly-created Federal transportation fund ($400M annually).

3. Federal Government should guarantee loans made by railroads to acquire new freight cars and locomotives ($400M annually).

4. Federal Government should create a federally chartered non-profit Corporation to acquire railroad cars under government guaranteed loans ($200M annually).

5. Investment tax credits should be restored for acquisitions of freight cars and locomotives.

6. Federal Government should create a new regulatory agency that would promote competition.

7. Federal Government should contribute to railroad research and development ($100M annually).

Additionally, the ASTRO Report called for substantial deregulation of the railroad industry.

The freight car bills you refer to in the memorandum are thus but one of a number of programs, not clearly defined or related, in which the railroads would like involvement by the Federal Government. Most of these bills have been introduced annually for several years, but no action has occurred on any of them.

Reproduced at the Richard Nixon Presidential Library and Museum

Summary of Major Freight Car Legislation

Key Characteristics	Nat'l Freight Car Corporation Act of 1971 (S.1730)	Fast Freight Systems Transportation Act of 1971 (S.1729)
1. Sponsor	NITL and Magnuson	Staggers
2. Purpose	Acquire, maintain and provide freight cars. Requires mandatory construction of cars.	Same, except construction of cars is permissive.
3. Who Operates	Non-governmental body - a nonprofit, tax-exempt Federal corporation, but controlled by Railroads.	Agency of U.S. Government and controlled by government.
4. Method of Financing from railroads	Levy per diem surcharge of 50 cents per car day on all plain, unequipped boxcars. Levy imposed until $10-30M is raised to finance new cars.	Same
5. Federal contribution	Federal government guarantees of all obligation debts incurred by Corporation. No authorization for direct Federal appropriations	Federal Government guarantees up to $3 billion in obligations Additionally, Federal government must contribute matching funds of $10-30M and funds start-up costs of $20M. The Act would also authorize appropriations of "sums sufficient" each year to carry out purposes of Act.
6. Government rights in default	All creditor rights if default occurs	Repossesion of rolling stock
7. ICC Control	ICC keeps present car-service controls except for cars owned directly by the Corporation.	Would place ICC control for rail car services under the new Federal agency. All freight cars controlled.
8. Starting Date of Corporation	90 Days from effective date of Act	Not specified

Reproduced at the Richard Nixon Presidential Library and Museum

THE WHITE HOUSE

WASHINGTON

May 29, 1971

MEMORANDUM FOR

DON RICE

Attached is some legislation with regard to Freight Cars and a copy of Wilf Rommel's memo of May 20 to me outlining the current situation.

Would you please have one of your people determine for me whether or not there is any merit to the legislation submitted by the National Industrial Traffic League? I would like to know for instance if we might be opposed to this just because somebody else thought of it or if in fact it is something that we might endorse but have not for various bureaucratic reasons.

I would also like to know what the timing is for a DOT response.

Thank you for your cooperation.

KEN COLE

Attachment

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 20, 1971

MEMORANDUM FOR MR. COLE

Subject: National Freight Car Legislation

This is in reply to your memorandum of May 17, 1971 inquiring about the Administration's position on several bills relating to the problems of the railroad freight industry. The three bills, S. 1729, 1730 and 1731, were all sponsored by Senator Magnuson with S. 1729 also co-sponsored by a bipartisan group of 33 Senators.

These bills, which are supported by various segments of the railroad industry, address the problems resulting from the current shortage of freight cars. Executive Departments have not yet reported on the bills to the Congress and Administration positions have not yet been established.

There are currently two efforts within the Administration which would also have significant impact on the railroad freight industry. The first is the development of policies and legislation related to lessening Federal regulation of portions of the transportation industry. The second is the preparation of legislation by the Department of Transportation which would provide Federal assistance of various forms to the railroad freight industry in an attempt to solve the financial and operating problems of the companies involved. Neither of these bills has as yet been submitted for legislative clearance. Any Administration position on the three bills of Senator Magnuson should ultimately be established in conjunction with the decisions made on the Administration's draft bills.

Please let me know if I can be of further assistance.

Wilf Rommel

Wilfred H. Rommel
Assistant Director for
Legislative Reference

Reproduced at the Richard Nixon Presidential Library and Museum

THE WHITE HOUSE

WASHINGTON

May 17, 1971

MEMORANDUM FOR

WILF ROMMEL

What is the Administration's position on the National Freight Car Legislation - Senate Bills 1729, 1730, 1731, as outlined in the attached?

Thank you.

KEN COLE

Reproduced at the Richard Nixon Presidential Library and Museum

LEGISLATION SECTION CHAIRMEN
James R. Abbey (Forwarder/Express)
Don A. Boyd (Dept. of Transportation & Safety)
Sam H. Flint (Administrative & Legal)
Louis B. Harmon (Maritime & Export/Import)
John B. Hedges (Motor Carrier Laws)
William M. Maddox (Inland Waterways & Bulk)
Allen J. O'Brien (Air Transportation)
Stanton P. Sender (Vice Chrmn. & Postal Laws)
Frank L. Sigloh (Highway Size Limits & Road)
Fred H. Tolan (Railroad & General)
William D. Wagstaffe (Recodification of Laws)

Legislative Committee
NATIONAL INDUSTRIAL TRAFFIC LEAGUE
Fred H. Tolan, Chairman (Seattle, Wash.)
1818 Westlake Avenue North
Seattle, Washington 98109
Telephone (Area 206) ATwater 3-8420

May 11, 1971

Mr. John D. Ehrlichman
Assistant to the President for Domestic Affairs,
The White House
WASHINGTON, D.C. 20501

SUBJECT: National Freight Car Legislation - Senate Bills 1729, 1730, 1731, etc. for hearing before the Senate on May 19th.

Dear John:

No one can deny there is a critical freight car shortage that must have some government help now. We strongly support the National Freight Car Corporation Act, Senate Bill 1730, and other compatible legislation.

The full story is in this advance draft of the statement I will make on this legislation on May 19th. May I urge you to give this the closest and earliest Administration review, for we keenly desire and badly need Administration support for this corrective legislation.

Our correction can do the job without tapping the federal budget, it can do it now, and it can produce real tangible security for every federal guarantee, and still keep the railroads as private enterprises. Please give us all the help you can.

Warmest personal regards,

NATIONAL INDUSTRIAL
TRAFFIC LEAGUE

Fred H. Tolan
Chairman,
Legislative Committee

FHT:avm
Enc:F.H.Tolan Senate Statement.
cc:Peter Flanigan, White House
Ken Cole, The White House
George M. Stafford, ICC
Dale W. Hardin, ICC
John A. Volpe, DOT
Charles D.Baker, DOT

Reproduced at the Richard Nixon Presidential Library and Museum

LEGISLATION SECTION CHAIRMEN
James R. Abbey (Forwarder/Express)
Don A. Boyd (Dept. of Transportation & Safety)
Sam H. Flint (Administrative & Legal)
Louis B. Harmon (Maritime & Export/Import)
John B. Hedges (Motor Carrier Laws)
William M. Maddox (Inland Waterways & Bulk)
Allen J. O'Brien (Air Transportation)
Stanton P. Sender (Vice Chrmn. & Postal Laws)
Frank L. Sigloh (Highway Size Limits & Road)
Fred H. Tolan (Railroad & General)
William D. Wagstaffe (Recodification of Laws)

Legislative Committee
NATIONAL INDUSTRIAL TRAFFIC LEAGUE
Fred H. Tolan, Chairman (Seattle, Wash.)
1818 Westlake Avenue North
Seattle, Washington 98109
Telephone (Area 206) ATwater 3-8420

May 11, 1971

TO: ALL MEMBERS OF LEAGUE LEGISLATIVE COMMITTEE, LEAGUE OFFICERS AND AD-HOC SPECIAL COMMITTEE, AND OTHER INTERESTED PARTIES

SUBJECT: National Freight Car Corporation Bill and Others - Set for Senate Hearing May 19-21. (Senate Bill 1730, etc.)

Gentlemen:

Attached is the statement I will make in the U.S. Senate on May 19th, as the lead-off shipper witness in support of the League's "National Freight Car Corporation Act" - Senate Bill 1730, filed by Senator Magnuson on April 30th.

We will also support the AAR Bill - the Rail Car Insurance bill, (Senate Bill 1731), for it is supplementary to and complimentary to the NITL Bill. We promised this at the League's annual meeting and will live up to our promise. The AAR is supporting both bills (S.B. 1730 and 1731) and so are we. Separate but concurrently filed bills were unanimously felt to be best by both the railroads and the NITL. There is no AAR and NITL conflict. We think both bills can be separate sections of one piece of new legislation. One helps poor railroads, and one helps the more affluent railroads.

The "Fastcor" bill (Senate Bill 1729), is also covered in our statement. We support only the parts of the "Fastcor" bill which are covered by the League's bill. The "Fastcor" bill goes far beyond the League's approved action.

Will each of you write to your senator, with copy to Les Dorr at the NITL office, and to myself, indicating your support for Senate Bill 1730 and 1731.

Kindest regards,

NATIONAL INDUSTRIAL TRAFFIC LEAGUE

Fred H. Tolan

Fred H. Tolan
Chairman,
Legislative Committee

FHT:avm
Enc. (1) Statement to Senate
(2) Senate Commerce Committee Listing

Reproduced at the Richard Nixon Presidential Library and Museum

APPENDIX
5/11/71

SENATE COMMERCE COMMITTEE - YEAR 1971

*Indicates Chairman of Committee or Subcommittee

(A) Full Commerce Committee (In Order of Seniority) Majority Party - Democrat:	1.	2. Surface Transportation Subcommittee (10 Members)	3. Freight Car Shortage Special Subcommittee (6 Members)
*Warren G. Magnuson (Wash.)		-	Yes
John O. Pastore (R.I.)		-	-
R. Vance Hartke (Ind.)		*Yes	*Yes
Philip A. Hart (Mich.)		-	-
Howard W. Cannon (Nev.)		Yes	-
Russell B. Long (La.)		Yes	-
Frank E. Moss (Utah)		Yes	Yes
Ernest F. Hollings (S.C.)		Yes	-
Daniel K. Inouye (Hawaii)		-	-
William B. Spong, Jr. (Va.)		-	-
(B) Minority Party-Republican:			
Norris Cotton (N.H.)		-	-
Winston L. Prouty (Vermont)		Yes	Yes
James B. Pearson (Kansas)		Yes	Yes
Robert P. Griffin (Mich.)		-	-
Howard H. Baker, Jr. (Tenn.)		Yes	-
Marlow W. Cook (Ky.)		-	-
Mark O. Hatfield (Ore.)		Yes	Yes
Theodore F. Stevens (Alaska)		-	-

(C) Staff Assistants:

Frederick J. Lordan, Staff Director
Arthur Pankopf, Jr., Minority Staff Director
Michael Pertschuk, General Counsel
Dan O'Neal, Counsel to Majority
Henri F. Rush, Jr., Counsel to Minority

(D) Senators who have indicated co-sponsorship support of Senate Bill 1729 or 1730 (or the prior filing of S.B.1730 as S.B.4463 in the last Congress).

Allott (Col.)	Hughes (Iowa)	(x) Pearson (Kan.)
Brock (Tenn.)	Humphrey (Minn.)	Pell (R.I.)
Burdick (N.D.)	Jackson (Wash.)	(x) Proxmire (Wis.)
Byrd (W.V.)	(x) Magnuson (Wash.)	Randolph (W.V.)
Dole (Kan.)	(x) Mansfield (Mont.)	Schweiker (Pa.)
Dominick (Col.)	McGee (Wyo.)	Scott (Pa.)
Eagleton (Mo.)	McGovern (S.D.)	Spong (Va.)
Eastland (Miss.)	Mondale (Minn.)	Taft (Ohio)
Fulbright (Ark.)	Montoya (N.M.)	Tunney (Calif.)
Harris (Okla.)	(x) Moss (Utah)	Williams (N.J.)
Hartke (Ind.)	Nelson (Wis.)	(x) Young (N.D.)
Hatfield (Ore.)	Packwood (Ore.)	

(x) Was a co-sponsor of S.B.4463 in last congress - now S.B.1730 here.

Reproduced at the Richard Nixon Presidential Library and Museum

That there is an emergency, cannot be denied. Senator Hartke in the Congressional Record on April 30, 1971, beautifully capsulized the problem when he said:

> "During the decade of the 60's, the average shortage of freight cars increased from 1,500 to 10,000 per day. In the past 15 years, the volume of freight has increased by about a fourth, while the boxcar fleet has declined in numbers by about a fourth."

The Interstate Commerce Commission in their recent rebuttal statements, flatly stated the car problem was both a car shortage problem as well as a utilization problem. They came out in support of the type of legislation involved here today. The American Railroads in the headnote to involved Senate Bill 1731, asked Congress to find there is a regional and nationwide car shortage. Every shipper in the country knows there is a car shortage that is getting worse. The Interstate Commerce Commission studies on car shortage are well known to the Congress and fully document the above facts.

Corrective legislation to enable the railroads to get more cars is a critical must. Four possible approaches are before this Senate Subcommittee today. This statement takes no position, either way, on Senate Bill 1415 on national defense freight cars to be bought and owned by the government. This statement will relate to the other three bills which have been carefully considered.

Appendix A considers over 20 main features of each of the other three bills for fingertip comparison. We want to strongly support the National Freight Car Corporation Act and the Insurance Bill, for the principles of both pieces of legislation were fully explored by the National Industrial Traffic League at its last meeting late last fall, and have been approved.

Reproduced at the Richard Nixon Presidential Library and Museum

II.

Basic Policies and Reasons behind the National Freight Car Corporation Act (S.B. 1730) and why a host of shippers (and others) support it.

Here are the 10 main reasons why shippers want and need the National Freight Car Corporation Act (S.B. 1730):

(1) The shippers, the ICC, and the railroads and Congress, have all recognized there is a critical general service rail car shortage. Shippers need general service rail cars and this bill makes it mandatory such needed rail cars be built now. It also forces an annual performance report. This law requires a start 90 days after the law is effective.

(2) It forces all railroads to put-up the capital to start the car-building corporation to build the cars the railroads need but can't build without minimal government help in the form of loan guarantees. No federal budget money is sought or needed.

(3) The federal corporation (entirely financed by the railroads) keeps control in the private railroads by giving them 6 of the 11 board members with 3 federal, 1 state, and 1 shipper member for broadest input of public needs.

(4) Not one car can be built under this bill unless it is a general service car, and unless there is a "regional" or "nationwide" shortage of such cars. Seasonal and temporary shortages are also covered. This prevents indiscriminate "empire building". An unlimited number of cars can and must be built if there is a car shortage to correct.

(5) This approach is compatible with the several other railroad, ICC and shipper efforts to increase the utility of the existing

Reproduced at the Richard Nixon Presidential Library and Museum

rail car fleet by faster turnarounds, less terminal delays, faster loading and unloading, etc. To the extent these parallel efforts reduce the rail car shortages, it r educes or eliminates the need for such cars under this bill (S.B.1730). By requiring a certified car shortage as a condition precedent to invoking this bill - all present and other efforts to reduce car shortage are completely compatible.

(6) We want to keep the railroads responsible for their basic or normal car needs. For that reason this bill puts a sur-charge penalty (or added cost) above normal car per-diem cost on all cars furnished under this bill. This encourages the railroads to build the cars they need for their normal tonnages. This bill will supply cars only when the railroads can't otherwise get them, or to meet above-normal peak or seasonal car needs.

(7) It does not disrupt the other government operations and procedures. The ICC keeps its present car-service controls except for the limited cars owned by the corporation used to correct car shortages. Anti-trust laws are retained in full force. Existing collective bargaining agreements of the regular rail car-builders are not disrupted. Railroads would continue to handle and maintain their own equipment. This new corporation is restricted to handling its own cars only.

(8) The corporation is self-sustaining in its narrow car shortage area of responsibility. Its operations in that area as a federal corporation are tax-free. It pays its operating costs, (including depreciation and interest cost on outstanding loans) by a per-diem surcharge above normal per-diem or car-rental costs

Reproduced at the Richard Nixon Presidential Library and Museum

It charges the railroads who need and want their cars, the higher per-diem cost for the time such cars are used. The cars then go back into the car-shortage storage pool to be maintained at various points in the country.

(9) The government will be completely protected for its loan guarantee. For each loan, they have the full rights of a creditor against the corporation, plus the security of a badly needed (new) rail car as a real and tangible asset to resell to others if the corporation should default and fail.

(10) We support the principles of Senate Bill 1731 (the railroads "Railroad Equipment Obligation Act of 1971"), as compatible with Senate Bill 1730, the National Freight Car Corporation Act. This bill is a good supplement to Senate Bill 1730. It does not go nearly as far as S.B. 1730 in requiring badly-needed general service cars to be built now, but it can help the more financially able railroads to get more rolling stock now - and it does cover more equipment needs such as special service rail cars, locomotives and cabooses.

III.
Capsulized Statement of the three Bills (S.B. 1729, 1730 and 1731).

Here is a capsulized version of the main points of each of the three "rail car" etc. bills before the Senate today. For the complete story, please see the full text of each bill.

1. "National Industrial Traffic League Bill" (S.B. 1730): (See Appendix C)

(1) Sets up a railroad-controlled federal corporation financed by the railroads that is required to build badly-needed general service rail cars.

Reproduced at the Richard Nixon Presidential Library and Museum

(2) No federal money is required - only a federal guarantee of the car-building loan and interest thereon.

(3) Cars built are tax-free in the car pool.

(4) These cars are assigned by the corporation, where needed, from the reserve pool.

(5) The corporation pays for itself by a surcharge above regular rail per-diem (car rental) rates to cover all its expenses of operation.

(6) Car-building funds come entirely from private sources with the loan federal guarantee.

(7) The initial cars shall be badly-needed general service boxcars and general service open equipment (such as coal cars).

2. "Fastcor Bill" (S.B. 1729): (See Appendix E)

Is very comparable to the National Industrial Traffic League bill but differs materially (as follows) from the National Industrial Traffic League bill.

(1) The corporation is government, not railroad-controlled.

(2) Requires federal financing of $30 to $50 million to start.

(3) Transfers all present ICC car service powers to new corporation.

(4) Puts labor and wage conditions on car building,etc. contracts of new corporation.

(5) Does not reimburse railroads for initial capital per-diem assessment.

(6) Does not require mandatory building of needed general service cars

(7) Does not exempt cars in pool from federal or other taxes.

(8) Limits car-building guaranteed loans to 3 billion dollars.

(9) Exempts corporation etc. from anti-trust laws.

(10) Does not require Secretary of Treasury to approve car-building debts.

Reproduced at the Richard Nixon Presidential Library and Museum

3. "The American Association of Railroads Bill" (S.B. 1731): (See Appendix D)

This bill is totally different from both the League bill and the Fastcor bill. The AAR bill's main features are as follows:

(1) Allows the government to insure up to 3 billion dollars of railroad or railroad car lines or rail car leasing companies, and to get government guarantees for new rail cars, locomotives or cabooses, on mere approval of the Secretary of Transportation of loan terms and conditions.

(2) No government corporation is set up. An insurance revolving fund is established which is managed by the government. The borrowers pay the government 1/4 of 1% of unpaid loans to pay the insurance.

(3) This bill is strictly permissive and does not require the building of any car, whether needed or not, or whether for general service or not. It is to "facilitate" private capital investment in any and all kinds of new rolling stocks - cars, cabooses or locomotives. Locomotives and cabooses are not covered by the other two bills.

(4) All cars, etc. built under this bill would be treated the same as existing rail equipment - subject to all ICC regulation and all existing taxes.

(5) Some federal funds are probably required to set up the proposed rolling stock insurance programs and that is covered by an open-end provision at the end of the proposed bill.

(6) The federal government has usual creditor rights if there is default on government insured loans.

Reproduced at the Richard Nixon Presidential Library and Museum

IV.

Possible amendments to the League's Bill (S.B.1730) to improve its performance.

We believe two amendments to the National Freight Car Corporation Act (S.B. 1730) can and should be adopted from the Fastcor Bill (S.B.1729) and the AAR Bill (S.B.1731). They are as follows:

(1) Limit cars to "new" cars only. (The bill is silent now.)

(a) Amend Section 3(a) of S.B. 1730 to add "new" after the 6th word after letter (a),

and

(b) Add a new phrase at the end of section 8(c) of S.B. 1730 to read, "on new general service freight cars".

(c) The above was inadvertently omitted in the final draft of S.B. 1730 and is consistent with the "new" requirement of Section 602(e) of the AAR Bill (S.B.1731). Only new modern railroad equipment should be allowed under these laws.

(2) Make the 50¢ initial surcharge on all general service freight cars instead of just general service boxcars.

(a) Amend the first part of Section 6(a) of S.B. 1730 to cancel the first sentence then add the replacement as follows:

> "Every railroad, except switching and terminal railroads, shall pay to the corporation a per-diem surcharge of 50¢ per day on each general service freight car for each day that a carrier incurs a car-hire charge for the use of such car ....."

(b) In sentence 3 of Section 6(a) of S.B. 1730, cancel "type XM boxcar", and in lieu thereof add "general service freight car".

(c) This is consistent with the approach in the "Fastcor" Bill (S.B.1729), Section 8(a), and properly makes all general service cars (instead of just boxcars) contribute to the initial working capital of $10 to $30 million dollars. This

Reproduced at the Richard Nixon Presidential Library and Museum

does not increase any cost to the financing railroads, but merely gets that sum from the broader base of all general service rail cars. This should cut that initial $10 million financing time by nearly 50 percent - or from about 3 to 4 months to about 2 months. That is good for it does not increase cost and does the preliminary financing job quicker.

V.

Support for the Principles in the AAR Insurance Bill(S.B.1731).

What the shippers want is more cars that are modern and efficient to meet the needs of commerce. The federal government has long insured "FHA" home mortgages in the public interest, where they have a tangible home for security. Senate Bill 1731 would follow the same FHA-type of policy on badly needed railroad equipment, giving the government the security of very tangible property on which there has been very minor default.

We believe Senate Bill 1731 is compatible with Senate Bill 1730, and to the extent cars are built under the AAR Bill, S.B. 1731, they would not be required under the National Freight Car Corporation Act. These are complimentary pieces of legislation. The AAR bill will definitely cover the basic year-around car and rolling stock requirements of the railroads. The seasonal or peak demands would be covered by the National Freight Car Corporation, S.B. 1730.

Again, Senate Bill 1730 can provide cars for the "have-not" railroads who cannot get financing for needed equipment. Senate Bill 1731 will cover all railroads regardless of their financial capability. Under either bill, the basic thing is that the credit of the government is utilized to provide badly needed equipment which history has demonstrated can't be obtained without that kind of added help.

Reproduced at the Richard Nixon Presidential Library and Museum

As much of the "Fastcor" bill is in the National Freight Car Corporation Act (S.B. 1730), we submit passage of Senate Bill 1730 and related Senate Bill 1731 would approve much, if not most, of the purposes of the "Fastcor" bill, as set forth in the preamble to that bill.

VII.
Conclusion

The Congress will find there is an absolutely overwhelming public request and need for the type of legislation involved here today. Dozens upon dozens of major shippers associations and groups will individually support this legislation to their senators and representatives. The National Industrial Traffic League support is merely the "tip of the iceberg". With an expected growth of about 3% in products to be shipped this year versus last year, and hopefully a much greater growth in years ahead, there will be a rail car shortage that will reach near-disaster stages unless corrective legislation is passed now.

Under the National Freight Car Corporation Act (S.B. 1730), the corporation must begin to function not less than 90 days after the effective date of the legislation. The necessary working capital can be raised from the railroads in approximately 3 months under the bill, without going into the federal budget for 10 cents, that can get freight cars now with an infusion of much new equipment in 1972. The initial fleet of cars under Senate Bill 1730 must consist of general service boxcars, and open-top (coal type) cars, with badly-needed refrigerator cars, hopper cars, flat cars, and others to come shortly thereafter, based on the certified needs of the public and the capability of the car building industry.

We urge the earliest possible affirmative action on both Senate Bill 1730 and 1731. Thank you for the right to appear today.

Fred H. Tolan

Fred H. Tolan
Chairman - Legislative Committee

Reproduced at the Richard Nixon Presidential Library and Museum

APPENDIX A

CAPSULE ANALYSIS OF THREE RAIL CAR BILLS INVOLVED
(See cited section of each bill for full explanation)

1. Senate Bill Number:	S.B. 1730	S.B. 1729	S.B. 1731
2. Formal Title of Bill:	"National Freight Car Corporation Act of 1971"	"Fast Freight Systems Transportation Act of 1971"	"Railroad Equipment Obligation Insurance Act of 1971"
3. Caption Description of Bill:	"NITL Bill"	"Fastcor Bill"	"AAR - Insurance Bill"
4. Rail Equipment Involved:	Sec.3(a)	Sec.3(4)	Sec.602(e)
General Service Rail Cars	yes	yes	yes
Special Service Rail Cars	no	no	yes
Locomotives	no	no	yes
Cabooses	no	no	yes
Limit to new Equipment	yes (by amendment)	no	yes
5. Car Service & Supply Rules:	Sec.11	Sec.12	(ICC Act)
Controls own cars only	yes	yes & others	usual ICC rules
Control all rail equipment	no	yes, all cars	no
Shifts ICC car service to new corporation	no	yes	no
6. Federal "guarantee" etc. of equipment loans and interest:	Sec.8(a)	Sec.8(d)	Sec.604(a)
	yes	yes	yes
7. Sets up a separate government rail car corporation:	Sec.4	Sec.4(a)	(none)
	yes	yes	no
8. Who can get federal guarantees or insurance:	Sec.8(b)	Sec.8(d)	Sec.603
Federal corp. only	yes	yes	none
Railroads direct	no	no	yes
Railroad car company	no	no	yes
Car leasing company	no	no	yes
9. How federal car-building loans, etc. guaranteed:	Sec.8(b)	Sec.8(d) & 6(b)	Sec.604(a)
Vote of corporation board	2/3 yes vote	7 of 11 members	none
Plus approval of Sec. of Treasury	yes	no	none
Approval of Sec. of Transportation only	no	no	yes

Reproduced at the Richard Nixon Presidential Library and Museum

	S.B. 1730 "National Freight Car Corporation Act of 1971"	S.B. 1729 "Fast Freight Systems Transportation Act of 1971"	S.B. 1731 "Railroad Equipment Obligation Insurance Act of 1971"
10. Control of Federal Corporation & make-up of Board of Directors:	Sec.7(a)	Sec.6(a)	(no corp.)
Number on board(total)	11(as follows)	11(as follows)	no board
Railroad Men	6(2 each area)	3(1 each area)	none
Sec.of Transportation	1	1	none
Sec. of Treasury	1	1	none
Chairman of ICC	1	none	none
Shipper Representative	1	3	none
State Commission	1	1	none
Labor Representative	0	1	none
Consumer Representative	0	1	none
Railroad Control	yes	no	none
Government Control	no	yes	none
Board appointed by President	5 of 11	all	none
11. Equipment building dollar limits under the act:	(silent)	Sec.8(d)	Sec.604(d)
For certified car shortages	unlimited	(silent)	(silent)
Dollar limits (all equipment)	no limit	$3 billion	$3 billion
12. Federal appropriation to start operations:	(silent)	Sec.8(g)& 8(c)	Sec.608
Dollars to be appropriated	none	$20 million plus matching fund of $10 to $30 million.	Such sums as necessary for act.
13. Initial working capital surcharge on railroads by per diem charge:	Sec.6(a)	Sec.8(a)& 8(c)	(silent)
On general service boxcars only	50¢ per day	50¢ per day(on all cars)	none
On all gen.service cars	none	50¢ per day	none
Limit on assessment	$10 to $30 million	$10 to $30 million	none
Added government appropriation	none	$20 million plus matching $10 to $30 million	none
14. Return of 50¢ per diem surcharge to Railroads who contributed it:	Sec.6(b)	Sec.8(b)	(silent)
Repyment.by debentures	yes	no	not involved
Only if corp.liquidated	no	yes	not involved

Reproduced at the Richard Nixon Presidential Library and Museum

	S.B. 1730 "National Freight Car Corporation Act of 1971"	S.B. 1729 "Fast Freight Systems Transportation Act of 1971"	S.B. 1731 "Railroad Equipment Obligation Insurance Act of 1971"
15. Per diem charge for use of rail cars built under provisions of bill:	Sec.10 Prevailing RR or ICC charge plus surcharge to cover all corp. costs. No ICC review.	Sec.11 Set by Corp. with ICC review. Consider prevailing rates and cover full corp. costs.	(ICC Act) Set by RR's and/or ICC as at present.
16. Does the corporation have to build needed general service cars:	Sec.5(a) yes "shall"	Sec.2 & 7(j) no, power is permissive only.	(silent) no "facilitate"
17. Is car building mandatory or permissive only:	Sec.5(a)	Sec.4(a) & 7(j)	Sec.601
Mandatory	yes	no	no
Permissive	no	yes	yes
18. Does Corp. have to report annually to President and to Congress:	Sec.15 yes	Sec.14 yes	(silent) no
19. Are Corp.built cars free of federal income and all state & local taxes:	Sec.9 yes	(silent) no	(silent) no
20. Government right if loan is defaulted by corp. or borrower:	Sec.8(e) all creditor rights	Sec.14 repossession etc. of cars	Sec.606(c) repossession etc. of rolling stock
21. Labor conditions:	(silent)	Sec.13	(silent)
Protective conditions	none	prescribed	none
Davis-Bacon Wage Act	no	yes	no
Limitation on contracting maintenance out:	none	conditioned	no
22. Is there anti-trust exemption for all dealing with corporation:	(silent) no	Sec.7(k) yes	(silent) no
23. Charge for government insurance on equipment building loans etc.:	(no insurance) not involved	(no insurance) not involved	Sec.605(z)(b) 1/4 of 1% on unpaid balance
24. Starting time to start corporation after law passed:	Sec.7(c) 90 days from effective date of act	(silent) no starting time set	(silent) no starting time set

Reproduced at the Richard Nixon Presidential Library and Museum

APPENDIX B

SUPPORTERS OF S.B. 1730 & 1731

(1) Identification of National Industrial Traffic League:

The National Industrial Traffic League consists of over 1700 shippers and receivers of freight in the United States. Its main office and principal place of business is at 711-14th St.,N.W., Washington, D.C. Most of the major shipping and receiving corporations of the United States are represented by the League. The position of the League as set forth in this statement, was overwhelmingly endorsed at its annual meeting in Chicago last November. The League respects and acknowledges the rights of each of its members to take an independent or different position from that of the League, on this or any other transportation matter.

(2) Pacific Northwest & Western Area Supporters of the National Freight Car Corporation Act:

*Association of Pacific Fisheries (Seattle, Washington)
Andrus & Roberts Produce Co. (Sunnyside, Washington)
Basin Produce Co. (Moses Lake, Washington)
Blue Ribbon Produce Co. (Quincy, Washington)
*Billings Traffic Bureau (Billings, Montana)
Boise Cascade Corporation (Boise, Idaho)
Frank C. Brooks (Brooks Lumber,etc.) (Bellingham, Washington)
Carnation Company (Los Angeles, California)
*Edward Colwell, Freight Traffic Consultant (Salt Lake City, Utah)
Fisher Flouring Mills (Seattle, Washington)
*Fred H. Tolan, Freight Traffic Consultant (Seattle, Washington)
*Freight Cars Now Committee (Seattle, Washington)
*General Potato & Onion Distributors (Connell, Washington)
*Inland Freight Traffic Service (Spokane, Washington)
*Northwest Fisheries Association (Seattle, Washington)
*Northwest Fish Traffic Committee (Seattle, Washington)
*Northwest Furniture Manufacturers Association (Seattle, Washington)
*Northwest Horticultural Council (Yakima, Washington)
Pacific Fruit & Produce Co.(Pacific Gamble Robinson)(Seattle,Wash.)
*Pacific Northwest Traffic League (Seattle, Washington)
*Pacific Northwest Shippers Cooperative Association (Seattle,Washington)
*Edward C. Pewters, Freight Traffic Consultant (Seattle, Washington)
Port of Anacortes (Anacortes, Washington)
Port of Bellingham (Bellingham, Washington)
Palmer G. Lewis Co. (Seattle, Washington)
*Purchasing Management Assn. of Washington (Seattle, Washington)
*Red Cedar Shingle & Handsplit Shake Bureau (Seattle, Washington)
Roman Meal Company (Tacoma, Washington)
Sears-Roebuck & Co. (Seattle, Washington etc.)
Sunspiced, Inc. (Moses Lake, Washington)
*Utah Freight Association (Salt Lake City, Utah)
Utah-Idaho Sugar Co.(U.& I.) (Salt Lake City, Utah)
*Utah Citizens Rate Association (Salt Lake City, Utah)
*Washington Feed Manufacturers Association (Seattle, Washington)
*Washington-Oregon Shippers Cooperative Assn. (Seattle, Washington)
*Washington Potato (& Onion) Association (Moses Lake, Washington)
Washington Fish & Oyster Co. (Seattle, Washington)
*Washington State Agribusiness Association (Seattle, Washington)
*Wenatchee Valley Traffic Association (Wenatchee, Washington)
*Western Farmers Association (Seattle, Washington)
Whatcom County Traffic & Rates Bureau (Bellingham, Washington)
Weyerhaeuser Company (Tacoma, Washington)

*Association or major group of shippers or companies.

Reproduced at the Richard Nixon Presidential Library and Museum

S. 1730 "NITL Bill" "National Freight Car Corporation Act of 1971"

S. 1730

A bill to provide a pool of general service railroad freight cars to be made available to shippers in any part of the country during times of regional car shortage and to be unrestrictedly available throughout the country according to the needs of shippers in the event of a general car shortage, and to assist in preventing or alleviating such shortages.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That this Act may be cited as the "National Freight Car Corporation Act of 1071".

SEC. 2. PURPOSES.—The Congress hereby declares that the purposes of this Act are—

(a) To eliminate, insofar as possible, regional shortages of general service freight cars.

(b) To eliminate chronic nationwide shortages of general service freight cars and to alleviate seasonal or temporary nationwide shortages.

SEC. 3. DEFINITIONS.—As used in this Act, unless the context requires otherwise:

(a) "General service freight cars" means a plain or ordinary railroad car such as a boxcar, or an open or a covered hopper car, or a gondola car, or a flat car, or a mechanical refrigerator car, without special equipment or other features that would tend to limit its use to the transportation of a particular commodity. Any type of railroad car that is determined by the Board of Directors of the National Freight Car Corporation to be a general service freight car shall be considered

(b) "Shipper" means any person, partnership, corporation, or other legal entity that regularly ships freight in or on general service freight cars.

(c) "The Corporation" means the National Freight Car Corporation.

SEC. 4. CREATION OF THE NATIONAL FREIGHT CAR CORPORATION.—There is hereby created a body corporate, to be known as the National Freight Car Corporation. It shall have succession until dissolved by Act of Congress, and shall maintain an office in the District of Columbia and be deemed to be a resident thereof subject to and governed by the District of Columbia Business Corporation Act to the extent consistent with this Act.

SEC. 5. PURPOSES AND POWERS.—(a) The Corporation shall acquire and maintain a fleet of general service freight cars and make such cars available to common carrier railroads for the use of shippers, as contemplated by this Act. Initially, only, this fleet shall consist entirely of general service boxcars, and open top hopper or gondola cars, but when it is determined by the Board of Directors of the Corporation that the acquisition of other types of general service freight cars is in the interest of shippers and the railroad transportation system, then the Board may add other types of general service cars to the fleet.

(b) The Corporation shall have all of the powers allowed under the District of Columbia Business Corporation Act, including the power to acquire, own, use, or convey real property. The Corporation shall also have the power to acquire property by condemnation for repair, maintenance, and storage facilities and for other operating purposes, except that it shall not have power to condemn property that is already devoted to a public use or use by a common carrier or utility company. The Corporation shall keep its books and records in accordance with generally accepted accounting principles as determined by an accredited firm of certified public accountants appointed by the Board of Directors.

(c) The Corporation shall have the power to establish rates and collect charges for the use of its cars as provided in section 10 hereof, and to establish car service rules and issue orders governing the use, movement, and distribution of its cars, as provided in section 10 hereof.

SEC. 6. CAPITALIZATION.—(a) A per diem surcharge of 50 cents per car-day is hereby levied upon all plain unequipped boxcars, Association of American Railroads mechanical designation XM. In the event that the surcharge as hereby levied or as subsequently reinstated in accordance with Section 6(c) of this Act is not paid when due, the Corporation may bring an action in any district court of the United States to recover the amount due. The surcharge shall be paid to the Corporation by every common carrier railroad subject to part I of the Interstate Commerce Act, except switching and terminal railroads, for each day that such a carrier accrues a car-hire charge payable to another railroad for use of the other railroad's type of XM boxcar, except that no one railroad, or group of railroads under common management and control, shall make total payments in excess of 10 per centum of the total amount paid by all railroads. The surcharge shall be payable on the tenth day of the second month succeeding the month in which the charge accrues, but shall accrue starting with the first day of the month following the effective date of this Act and continuing until the Board of Directors of the Corporation determines that not less than $10,000,000 nor more than $30,000,000 will be due or will have been paid to the Corporation as of a certain date, whereupon the surcharge will cease as of that date. If it should be determined that any one railroad, or any group of railroads under common management and control [illegible] payment, has paid in excess of 10 per centum of the total amount paid by all railroads, the Corporation shall refund the excess payments.

(b) In exchange for each 50 cents per diem surcharge payment the Corporation shall issue one share of stock without par value and which shall not bear or pay dividends, and one 50 cents par debenture, which shall bear and pay interest at the rate of 8 per centum annually and the par value of which shall be due and payable December 31 of the thirtieth year after the date of issuance unless such date shall be a Saturday, Sunday, or holiday, in which event said par value shall be payable the next full business day, which shall not be either a Saturday, Sunday, or holiday. Said debentures shall be debts of the Corporation but shall be subordinate to all other debts of the Corporation. Neither the par value nor the interest on said debentures shall be guaranteed by the United States of America or otherwise be construed to be within the provisions of section 8 of this Act. In the event that adjustments are made between railroads under the railroad per diem rules, as in the case of a per diem reclaim by one railroad against another, the stock and debentures shall be issued to the railroad that actually bears the cost of the surcharge. The stock and debentures shall be transferable only between common carrier railroads subject to part I of the Interstate Commerce Act, but in no event may any one railroad, or a group of railroads under common management and control, vote more than 10 per centum of the outstanding stock.

(c) If the Board of Directors subsequently determines the original capitalization assessment is inadequate and that additional capitalization is necessary, but not in excess of $30,000,000 total capitalization, the surcharge may be reinstated by a vote of not less than nine of the eleven Directors for such period of time as such Directors shall find to be necessary to accomplish the purpose of this Act, and additional stock and debentures shall be issued in exchange therefor as in the case of the original issue. The surcharge may be made applicable to any type or types of general service freight car that has been or is to be acquired by the Corporation.

(d) In the event of partial or complete liquidation of the Corporation, any assets remaining after payment of the Corporation's obligations and expenses will be distributed pro rata to the debenture holders up to the par value of their debentures, plus any due but unpaid interest, and the remainder will be paid into the Treasury of the United States and credited to miscellaneous receipts.

SEC. 7. BOARD OF DIRECTORS.—(a) The Corporation shall have a Board of Directors consisting of eleven members, as follows:

The Secretary of Transportation or a person designated by him, in writing;

The Secretary of the Treasury or a person designated by him, in writing;

The Chairman of the Interstate Commerce Commission;

One member representing shippers to be appointed annually by the President of the United States;

One member of a State Agency, authorized by State law to fix rates for transportation by railroad, to be appointed annually by the President of the United States after consultation with representatives of the national organization of the State commissions referred to in section 202(b) and 205(f) of the Interstate Commerce Act; and

Six members to be elected annually by the railroads that are stockholders of the Corporation, on the basis of one vote for each share of stock. Two of these six Directors shall be elected by stockholders affiliated with eastern railroad territory (including New England), two by stockholders affiliated

Reproduced at the Richard Nixon Presidential Library and Museum

S. 1730 "NITL Bill" "National Freight Car Corporation Act of 1971"

with western railroad territory, and two by stockholders affiliated with southern railroad territory. No stockholder shall vote for Directors from more than one territory.

(b) Since there will be no stockholder at the time the Corporation is created, the initial Board of Directors will include six members elected by the directors of the Association of American Railroads, two being elected to represent each of the three railroad territories, and these six members of the Board will remain Directors of the Corporation until their successors are elected at the first meeting of stockholders as provided in the bylaws of the Corporation.

(c) Within ninety days after the effective date of this Act, the Board of Directors shall meet to adopt bylaws, elect officers, and transact other business.

(d) Directors shall serve until their successors are elected or appointed. Vacancies shall be filled by election or appointment as provided in 7(a).

SEC. 8. GUARANTEE OF BORROWED CAPITAL.—The Federal Government will not make any contribution to the capital of the Corporation or purchase any stock in the Corporation, and will not be responsible for the acts, defaults, or debts of the Corporation except as set forth in this section 8.

(a) In addition to its other powers, the Corporation is hereby empowered to incur debt for capital purposes, in such amounts and upon such terms and conditions as the Board of Directors shall determine, which may be backed by the general credit of the Corporation and secured by any or all of its assets, and shall be fully and unconditionally guaranteed both as to interest and principal by the United States of America when such debt is incurred and approved as specified in part (b) below.

(b) Debt may be incurred under this section only by an approving vote of at least two-thirds of the members of the Board of Directors. That action of the Board of Directors must then be approved by the Secretary of the Treasury of the United States, or by a person designated by him in writing.

(c) Such debt may be incurred in the form of bonds, equipment trust certificates, conditional sale agreements, or any other form of securities, agreements, or obligations.

(d) Securities issued under this section shall be lawful investments for all fiduciary, trust, and public funds, and shall be issued in such form and under such terms and conditions as the Board of Directors may determine and shall not be subject to regulation by the Interstate Commerce Commission or the Securities and Exchange Commission. The limitations and restrictions as to a National or State bank dealing in, underwriting, or purchasing investment securities for its own account, as provided in title 12, United States Code section 24 and section 335, shall not apply to securities issued under this section.

(e) In the event that the Corporation shall be unable to pay when due the principal or interest on any debt incurred in accordance with this section, the Secretary of the Treasury shall pay to the creditor the amount due, which is hereby authorized to be appropriated out of any money in the Treasury not otherwise appropriated, and thereupon to the extent of the amount so paid the Secretary of the Treasury shall succeed to all the rights of such creditor.

SEC. 9. TAXES.—For Federal income tax purposes, the Corporation shall be a tax-exempt nonprofit corporation. Any gifts to the Corporation shall be allowable as deductible contributions for Federal income tax purposes. The Corporation and its property shall be deemed to be instrumentalities of the United States engaged in furtherance of interstate commerce and shall be exempt from all State and local taxation.

SEC. 10. CHARGES FOR USE OF FREIGHT CARS.—Charges for cars supplied by the Corporation shall be assessed on the same basis and at the same rates as the charges that are assessed for use of railroad-owned cars at the same time under similar circumstances, except that the charges by the Corporation shall be increased by a surcharge in the form of a percentage. The Board of Directors shall establish from time to time the amount of such surcharge percentage. Such surcharge shall be set at a rate which in the judgment of a majority of the Board will most effectively enable the Corporation at least to earn sufficient income to pay all of its costs and expenses, including depreciation and debt carrying charges. In the event that charges established by the Board under this section are not paid when due, the Board may request the Interstate Commerce Commission to enforce payment whereupon the Interstate Commerce Commission shall promptly make an investigation and, if it determines, with or without a hearing, that the charges are in accordance with this Act and are due and payable, shall order the charges to be paid with interest and if necessary shall enforce such order by the imposition of penalties as prescribed in section 16(8)-(10) of the Interstate Commerce Act (49 U.S.C. 16(8)-(10)).

SEC. 11. CAR SERVICE RULES.—(a) The Board of Directors shall establish and many amend from time to time such just and reasonable car service rules, regulations, and practices as shall in the judgment of the Board best serve the purposes for which the Corporation is established. Such rules, regulations, and practices, and car distribution directions issued thereunder, shall take precedence over any conflicting rules, regulations, or practices established by any railroad or group of railroads or by the Interstate Commerce Commission. Upon petition of any railroad affected by any such rule, regulation, or practice, the Interstate Commerce Commission shall make an investigation and, with or without a hearing, shall order any rule, regulation, or practice that it finds not to be in conformity with this Act canceled, annulled, or amended, as the Commission shall find to be appropriate.

(b) In the event that any common carrier by railroad subject to part I of the Interstate Commerce Act shall fail or refuse to obey or follow any rule, regulation, or practice established under this section, or any car distribution direction issued thereunder, such failure or refusal may be prosecuted by the Interstate Commerce Commission as provided in section 16(8)-(10) of the Interstate Commerce Act (49 U.S.C. 16(8)-(10)).

SEC. 12. LIMITATION OF LIABILITY.—No person shall be liable to the Corporation for any loss or damage suffered by it on account of any action taken or omitted to be taken by that person as a director, officer, or employee of the Corporation in good faith, if that person relied upon financial statements of the Corporation represented to him to be correct by the President or by the officer of the Corporation having charge of its books of account, or stated in a written report by an independent public or certified public accountant or firm of such accountants fairly to reflect the financial condition of the Corporation, or if that person considered the assets to be of their book value or relied upon the advice of legal counsel for the Corporation.

SEC. 13. INITIAL REGISTERED OFFICE AND REGISTERED AGENT.—The initial agent of the Corporation shall be the Federal Railroad Administration, Department of Transportation, Washington, District of Columbia, and his office shall be the initial registered office.

SEC. 14. REPORT TO CONGRESS.—The Board of Directors of the Corporation shall annually make a full report of its operations, and the progress of its operations in meeting the purposes of this Act. That report shall be made to the President of the United States and to the President of the Senate and to the Speaker of the House of Representatives, who shall cause the same to be printed for the information of the Congress.

Reproduced at the Richard Nixon Presidential Library and Museum

S. 1731 "AAR Bill" " Railroad Equipment Obligation Insurance Act of 1971"

S. 1731

A bill to amend the Interstate Commerce Act to promote acquisition of general service railroad rolling stock by providing the Secretary of Transportation with authority to aid common carriers by railroad, their car-furnishing subsidiaries, and car-leasing companies in acquiring such general service railroad rolling stock

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Railroad Equipment Obligation Insurance Act of 1971".

SEC. 2. Congress finds that provision of modern, efficient freight cars and locomotives is a necessary part of our transportation system and that regional and nationwide shortages of such equipment exist.

SEC. 3. The Interstate Commerce Act is amended by adding the following new part at the end thereof:

"PART VI

"DECLARATION OF PURPOSE

"SEC. 601. It is the purpose of this part, by facilitating the enlistment of private capital, to provide for assistance to common carriers by railroad subject to the Interstate Commerce Act, their car furnishing subsidiaries, and car leasing companies in acquiring and maintaining adequate general service freight cars and locomotives and in such a manner to encourage the maintenance and growth of a private national transportation system adequate to meet the needs of the commerce of the United States, and of the national defense.

"DEFINITIONS

"SEC. 602. For the purposes of this part—

"(a) 'Secretary' means the Secretary of Transportation.

"(b) 'Railroad' means a common carrier by railroad, as defined in section 1(3) of part 1 of this Act (40 U.S.C. 1(3)).

"(c) 'Car-furnishing subsidiary' means a corporation at least 80 per centum of the voting stock of which is owned by one or more railroads.

"(d) 'Leasing company' means a corporation which leases rolling stock to one or more railroads.

"(e) 'Rolling stock' means (i) new standard gauge railroad freight cars suitable for use by more than one railroad in normal interchange under the Interchange Rule of the Association of American Railroads, (ii) standard gauge railroad locomotives, and (iii) cabooses.

"(f) 'Equipment obligations' means bonds, notes, conditional sale agreements, equipment trust certificates, mortgages, and other obligations or security interests issued or guaranteed by railroads, car-furnishing subsidiaries, or car-leasing companies, to finance or refinance rolling stock.

"(g) 'Lease' means any contractual arrangement under which a leasing company owning rolling stock permits use thereof by railroads for all or a substantial portion of the useful life thereof, and includes a net lease."

"(h) 'Holder' means the holder of an equipment obligation, except that where a bank or trust company is acting as agent or trustee for the holder of the equipment obligation, such bank or trust company shall be deemed to be the holder.

"(i) 'Interest' means the interest or dividends payable pursuant to the provisions of an equipment obligation.

"(j) The term 'obligor' includes the original borrower under an equipment obligation and his successors and assigns approved by the Secretary.

"FEDERAL RAILROAD EQUIPMENT OBLIGATION INSURANCE FUND

"SEC. 603. There is created a Federal Railroad Equipment Obligation Insurance Fund (hereinafter referred to as the "fund") which shall be used by the Secretary as a revolving fund for the purpose of carrying out the provisions of this Act. Moneys in the fund shall be deposited in the Treasury of the United States to the credit of the fund or invested in bonds or other obligations of, or guaranteed as to principal and interest by, the United States.

"AUTHORIZATION OF SECRETARY TO INSURE EQUIPMENT OBLIGATIONS

"SEC. 604. (a) INSURANCE.—The Secretary, upon application by the obligor, is authorized to insure as hereinafter provided the interest on and the unpaid balance of the principal of, any equipment obligation offered to him which is eligible for insurance as hereinafter provided and, upon such terms as the Secretary may prescribe, is authorized to make commitments to insure any such obligation prior to the date of execution or disbursement thereon.

"(b) BENEFICIARY OF INSURANCE CONTRACTS.—Each insurance contract made under this section shall run to and be for the benefit of the holder of the equipment obligation.

"(c) PLEDGE OF UNITED STATES.—The faith of the United States is solemnly pledged to the payment of interest on and the unpaid balance of the principal amount of each equipment obligation insured under this Act.

"(d) LIMIT ON OUTSTANDING AMOUNT.—The aggregate unpaid principal amount of the equipment obligations insured under this section and outstanding at any one time shall not exceed $3,000,000,000.

"CONDITIONS AND LIMITATIONS

"SEC. 605. (a) No equipment obligation shall be insured under section 604 of this Act unless—

"(1) the equipment obligation is secured by rolling stock to be financed or refinanced by such obligation;

"(2) the terms of such obligation require full payment within thirty years from the date thereof.

"(b) PREMIUM CHARGES.—The Secretary is authorized to fix a premium charge for the insurance of obligations under this Act at not exceeding one-quarter of 1 per centum per annum of the principal amount of the equipment obligation outstanding. Premium payments shall be made when moneys are first advanced under the obligation and on each anniversary date thereafter. All such premium charges shall be computed and shall be payable to the Secretary under such regulations as the Secretary may prescribe.

"(d) DISPOSITION OF MONEYS.—All moneys received under the provisions of sections 601–608 of this Act shall be deposited in the fund.

"DEFAULTS

"SEC. 606. (a) RIGHTS OF HOLDER.—

"(1) In the event of any act or failure to act which gives the holder the right to accelerate the maturity of an equipment obligation, any such events being herein called defaults, and failure on the part of the obligor to remove and remedy the default within thirty days, the holder shall have the right (i) in the case of a default in respect of the payment of principal or interest or the payment of any amount to provide for the payment of premium charges for obligated insurance, to demand at or before the expiration of sixty days after any such default, and (ii) in the case of any other default, to demand at any time during the continuance of such default, payment by the Secretary of the unpaid principal amount of such obligation and of the unpaid interest thereon to the date of payment: *Provided,* That an assignment of the obligation be tendered to the Secretary at the time such demand is made. The Secretary may at any time during the continuance of any default notify the holder in writing, specifying the default, that by reason of such default the Secretary intends to terminate the insurance contract sixty days after such notice is received by the holder, and the holder shall be entitled to demand payment by the Secretary as above provided at any time during such sixty-day period, whether or not the default is removed and remedied, and if the holder shall fail to make such demand, the insurance contract may be terminated by the Secretary on or after the expiration of such period. Within a period of thirty days from the date of any such demand, the Secretary shall accept the assignment and promptly pay to the holder the unpaid principal amount of said obligation and unpaid interest thereon to the date of payment: *Provided,* That, except in any case in which the Secretary has given notice of intention to terminate the insurance contract pursuant to the foregoing provisions, the Secretary shall not be required to accept such assignment if prior to the expiration of said thirty-day period he shall find that there was no default or that such default was removed and remedied prior to any such demand.

"(b) PAYMENTS; ISSUANCE OF NOTES OR OBLIGATIONS.—Any amount required to be paid by the Secretary pursuant to subsection (a) of this section shall be paid in cash. If at any time the moneys in the Federal Railroad Equipment Obligation Insurance Fund authorized by section 603 of this Act are not sufficient to pay any amount the Secretary is required to pay by subsection (a) of this section, the Secretary is authorized to issue to the Secretary of the Treasury notes or other obligations in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Secretary, with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States on comparable maturities during the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations to be issued hereunder and for such purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under such Act, as amended, are extended to include any purchases of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States. Funds borrowed under this section shall be deposited in the Federal Railroad Equipment Obligation Insurance Fund and redemptions of such notes and obligations shall be made by the Secretary from such fund.

"(c) FORECLOSURE PROCEEDINGS; ACTION AGAINST OBLIGOR.—In the event the Secretary shall accept the assignment of an equipment obligation upon the default of the obligor pursuant to subsection (a)(1) of this section, he may institute foreclosure proceedings and in connection therewith repossess the rolling stock forthwith and take such other action against the obligor as, in his discretion, may be required to protect the interests of the United States or of the holder, as they may appear. Any suit may be brought in the name of the United States or in the name of the holder and the hold-

Reproduced at the Richard Nixon Presidential Library and Museum

S. 1731 "AAR Bill" "Railroad Equipment Obligation Insurance Act of 1971"

er shall make available to the United States all records and evidence necessary to prosecute any such suit. If the Secretary shall determine that the interests of the United States do not require foreclosure of the obligations, he may make such agreement with the obligor as in the opinion of the Secretary will result in remedying the defaults. The Secretary shall have the right in his discretion to accept a conveyance of title to and possession of the rolling stock from the obligor, and in the event of a sale under foreclosure proceedings, may purchase the rolling stock for an amount not greater than the unpaid principal amount of such obligation and unpaid interest thereon. In the event the Secretary shall receive through the sale of the rolling stock an amount of cash in excess of any payment made to the holder under subsection (a)(1) of this section, and the expenses of collection of such amount, he shall pay such excess to the obligor.

"(d) SECRETARY TO COMPLETE AND SELL PROPERTY.—Notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of property by the United States, the Secretary shall have the right in his discretion to complete, recondition, renovate, repair, maintain, and sell any property acquired by him pursuant to the assignment as provided in this section.

"(e) TERMINATION OR CANCELLATION OF INSURANCE CONTRACT; CONCLUSIVE EVIDENCE.—Any contract or commitment of insurance entered into by the Secretary under the provisions of this Act shall not be terminated, canceled, or otherwise revoked for any reason, except as provided in this section of this Act, and shall be conclusive evidence that the obligation complies fully with the provisions of this Act and of the approval of the principal amount, interest rate, and all other terms of the obligation and of the holder or borrower and of the obligor or lender; and any contract on commitment of insurance so entered into shall be incontestable from the date as of which such contract of commitment is entered into, except for fraud, duress, or mutual mistake of fact.

"MODIFICATIONS

"SEC. 607. The Secretary may consent to the modification of the provisions of an equipment obligation as to rate of interest, time of payment of interest or principal, security, or the terms and conditions of any contract or commitment of insurance which he shall have entered into pursuant to this part, or the renewal or extension of any such contract or commitment of insurance, whenever the Secretary shall determine it to be equitable to do so: *Provided, however,* That such consent shall not be given unless any consent of the holder, which may be required pursuant to the provisions of an equipment obligation, shall have first been obtained.

"APPROPRIATIONS

"SEC. 608. There is authorized to be appropriated such sums as may be necessary to carry out the provisions of this subchapter."

Reproduced at the Richard Nixon Presidential Library and Museum

S. 1729 "Fastcar Bill" "Fast Freight Systems Transportation Act of 1971"

S. 1729

A bill to supply general service freight cars to meet the needs of commerce, users, shippers, national defense, and the consuming public

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Fast Freight Systems Transportation Act of 1971."

PURPOSES

SEC. 2. The Congress hereby declares that the purposes of this Act are—

(a) To improve the utilization and distribution of general service freight cars to meet the needs of commerce, users, shippers, the national defense, and the consuming public;

(b) To acquire additional general service freight cars to provide fast and expeditious service to meet the increasing demands of the Nation's economy in the years to come; and

(c) To assist in achieving full employment by supplying adequate equipment necessary to transport the products of American industry.

DEFINITIONS

SEC. 3. For the purposes of this Act—

(1) "Railroad" means a common carrier by railroad, as defined in section 1(3) of part I of the Interstate Commerce Act, as amended (49 U.S.C. 1(3)), other than the corporation created by Section 4 of this Act.

(2) "Commission" means the Interstate Commerce Commission.

(3) "Corporation" means the Fast Freight Systems Transportation Corporation, which may also be known as "Fastcor".

(4) "General Service Freight Car" means any type of railroad freight car whose use is not confined to a specialized purpose by special equipment, design or other limiting features. The Corporation may designate what types of freight cars are "general service freight cars" and shall include, but is not limited to, an unequipped boxcar, gondola, open top hopper car and flat car.

(5) "Board" means the board of directors of the corporation provided in section 6.

THE CORPORATION

SEC. 4. (a) There is hereby created, as an agency of the United States, a corporation to be known as the Fast Freight Systems Transportation Corporation. Its purpose shall be to acquire, maintain and provide railroad freight car equipment, employing innovative concepts to develop and maintain distribution and allocation systems to insure the effective and expeditious application of rail transportation facilities to the needs of the national economy.

(b) The Corporation shall not be subject to the provisions of the Interstate Commerce Act, as amended, or of any other law regulating railroads except that it shall be deemed to be a railroad with respect to section 1(10) through 1(17) of the Interstate Commerce Act and shall also be deemed to be a railroad with respect to safety and with respect to the representation of its employees for purposes of collective bargaining, the handling of disputes between railroads and their employees, employee retirement, annuity and unemployment systems, and other dealings with its employees.

(c) The Corporation shall not be subject to any state or other law pertaining to the transportation of freight by railroad as it relates to rates, routes, or service.

ORGANIZATION

SEC. 5. The President of the United States shall appoint not fewer than three incorporators, by and with the advice and consent of the Senate, who shall also serve as the board of directors for not more than one hundred and eighty days following the date of enactment of this Act. The incorporators shall take whatever actions are necessary to establish the Corporation.

DIRECTORS AND OFFICERS

SEC. 6. (a) The Corporation shall have a board of eleven directors of whom one shall be elected annually by the board to serve as chairman. The Secretary of Transportation, and the Secretary of the Treasury of persons designated by them respectively in writing, shall serve as ex officio members of the board with the same powers as other members of the board. The President of the United States shall appoint the remaining members of the board, by and with the advice and consent of the Senate, on the following basis: (1) three, upon recommendation of the Association of American Railroads, one of whom shall be representative of the Eastern Railroads, one of whom shall be a representative of the Western Railroads, and the other shall be a representative of Southern Railroads; (2) one, upon recommendation of the National Association of Regulatory Commissioners, who shall be a member of a state agency authorized by state law to fix rates for transportation by railroad; (3) two who shall be representative of interested shippers; (4) one who shall be representative of interested investors; (5) one, upon recommendation of the parent body of the American Federation of Labor and Congress of Industrial Organizations, who shall be representative of labor; and (6) one who shall be representative of consumers.

(b) The terms of office of the members of the board, other than those serving ex officio, shall be for four years except that the member serving as a representative of the State Commission shall be appointed annually and except that the terms of five of the members, initially appointed, shall expire at the end of two years following their first appointment. A member appointed to fill a vacancy may be appointed only for the unexpired term of the member whom he succeeds. The members of the board shall take office immediately upon the expiration of the terms of the incorporators. Seven members shall constitute a quorum for the purpose of conducting the business of the board. Each of the directors, other than those serving ex officio, shall receive compensation at the rate of $300 for each meeting of the board which he attends and shall be reimbursed for necessary travel and subsistence expense incurred in attending such meetings.

(c) Directors, officers and employees shall be deemed to be special government employees subject to the conflict of interest provisions of title 18, United States Code, sections 201–209. They may be included for purposes of determining the presence of a quorum at any meeting of the board which they attend and may participate in discussions in any such meeting notwithstanding the provisions of title 18, United States Code, section 208.

GENERAL POWERS OF THE CORPORATION

SEC. 7. The Corporation shall have power—

(a) To sue and be sued, complain and defend, in its corporate name;

(b) To adopt, alter, and use a corporate seal, which shall be judicially noticed;

(c) To adopt, amend, and repeal bylaws, rules, and regulations as may be necessary for the conduct of its business;

(d) To conduct its business, carry on its operations, and have offices and exercise the powers granted by this Act in any State;

(e) To lease, purchase, or otherwise acquire, own, hold, improve, use, or otherwise deal in and with any property, real, personal, or mixed, or any interest therein, wherever situated;

(f) To accept gifts or donations of services, or of property, real, personal, or mixed, tangible or intangible, in aid of any of the purposes of the Corporation;

(g) To sell, convey, mortgage, pledge, lease, exchange, and otherwise dispose of its property and assets;

(h) To appoint such attorneys, employees, and agents as may be required, to define their duties, to fix and to pay such compensation for their services as may be determined: *Provided,* That, except as otherwise specified in this Act, such attorneys, employees, and agents as well as the members of the Board of Directors shall not be subject to the provisions of Federal laws relating to Federal employees with respect to appointments, promotions, adverse actions, hours of work, rates of compensation, allowances, leave, unemployment compensation, compensation for work injuries, and Federal benefits such as retirement, life insurance, and health benefits;

(i) To enter into contracts, to execute instruments, to incur liabilities, and to do all things as are necessary or incidental to the proper management of the affairs and the proper conduct of its business;

(j) To build, purchase, own, lease, and manage general service freight cars to be operated for the purpose of providing modern, efficient freight transportation of goods; to conduct research and development related to the purposes of this Act; and to acquire, or to contract for the use of, physical facilities, equipment, and devices necessary to the identification and forecasting of need for general service freight cars; and

(k) To enter into agreements and contracts necessary for the operation and maintenance of its freight cars and to the performance of all services and work incidental thereto consistent with prudent management of the affairs of the Corporation and not inconsistent with the provisions of subsection 13(b) of this Act.

Persons contracting with the Corporation for the use, operation, or maintenance of such facilities and equipment and for the performance of such services and work shall be and are hereby relieved from all prohibitions of existing law, including the antitrust laws of the United States, with respect to such contracts, agreements, or leases insofar as may be necessary to enable them to enter into such contracts and to perform their obligations thereunder.

FINANCING

SEC. 8. (a) Per diem surcharge.—Every railroad, except switching and terminal railroads, shall pay to the Corporation a per diem surcharge of 50 cents per car-day on each general service freight car for each day that a carrier incurs a car-hire charge for the use of such car, except that no one railroad, or group of railroads under common management and control, shall make total payments in excess of 10 per centum of the total amount paid by all railroads. The Corporation shall impose the surcharge levy no later than 60 days after the Board of Directors shall have taken office pursuant to Section 6(b), and the levy shall continue until the Board of Directors of the Corporation determines that not less than $10,000,000 nor more than $30,000,000 will be due or will have been paid to the Corporation as of a certain date, whereupon the levy of the surcharge will cease as of that date. The surcharge shall be payable on the tenth day of the second month succeeding the month in which the charge accrues. If it should be determined that any one railroad, or any group of railroads under common management and control at the time of payment, has paid in

Reproduced at the Richard Nixon Presidential Library and Museum

S. 1729 "Fastcar Bill" "Fast Freight Systems Transportation Act of 1971"

excess of 10 per centum of the total amount paid by all railroads, the Corporation shall refund the excess payments.

(b) Refund of Capital Investment—

(1) In the event of partial or complete liquidation of the Corporation, any assets remaining after payment of the Corporation's obligations and expenses will be distributed prorata to the railroads, not to exceed the base amount of capital investment paid into the Corporation as Per Diem Surcharge under paragraph (a) of this section; and the remainder will be paid into the Treasury of the United States and credited to miscellaneous receipts.

(2) In the event of complete liquidation of any railroad subject to this Act, the Board of Directors of the Corporation may, if and when funds are available, refund to the railroad a sum not to exceed the base amount of the railroad's capital investment in the Corporation, paid in as Per Diem Surcharge under the provisions of paragraph (a) of this section.

(c) From the sums appropriated therefor, the Secretary of the Treasury shall pay to the Corporation for each quarter, beginning with the quarter commencing January 1, 1972 and terminating with the quarter ending December 31, 1972, an amount equal to the total of all per diem surcharges paid or accrued during such quarter as certified by the Corporation.

(d) *Incurrence of Debt for Capital Purposes*—The Corporation is hereby empowered to incur debt for capital purposes. Such debt may be incurred in the form of bonds, debentures, equipment trust certificates, conditional sale agreements, or any other form of securities, agreements or obligations. The payment of principal and interest on all obligations issued by the Corporation, which shall not exceed $3,000,000,000 in principal amount outstanding at any one time, shall be guaranteed by the Government of the United States, such guaranty to be expressed on the face thereof. Such obligations may be redeemable at the option of the Corporation before maturity in such manner as may be stipulated therein and shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as shall be determined by the Board of Directors, with the approval of the Secretary of the Treasury.

(e) *Purchase of Obligations by Treasury*—The Secretary of the Treasury may elect to purchase the obligations of the Corporation, in an amount not to exceed $2,000,000,000 in principal amount outstanding at any one time, under such terms, including rates of interest, as he and the Corporation may agree, but at a rate or yield no less than the current average yield on outstanding Treasury securities of comparable maturity, as determined by the Secretary.

(f) *Public Debt Transaction*—For the purpose of any purchase of the obligations of the Corporation, the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchases of the obligations of the Corporation under this Act. The Secretary of the Treasury may at any time sell, upon such terms and conditions and at such price or prices as he shall determine, any of the obligations of the Corporation acquired by him hereunder. All redemptions, purchases, and sales by the Secretary of the obligations of the Corporation shall be treated as public debt transactions of the United States.

(g) *Authorization for Appropriations*—For the purpose of enabling the Corporation to obtain the necessary funds to implement and expand the freight car fleet for the public good in the manner set forth hereinbefore there is hereby authorized to be appropriated for each fiscal year sums sufficient to carry out the purposes of this Act. Further, in order to facilitate the formation of the Corporation and the implementation of its objectives, there is hereby authorized to be appropriated, out of money in the Treasury not otherwise appropriated, the sum of $20,000,000 to be used in carrying out the provisions of this Act, to continue available until expended.

(h) *Lawful Investment and Exemption from Regulations and Restrictions*—Securities issued under this section shall be lawful investments and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposit of which shall be under authority or control of the United States or of any officer or officers thereof, and shall be deemed to be exempt securities within the meaning of laws administered by the Interstate Commerce Commission or the Securities and Exchange Commission. The limitations and restrictions as to a National or State bank dealing in, underwriting, or purchasing investment securities for its own account, as provided in Title 12, United States Code, Sections 24 and 335, shall not apply to securities issued under this section.

AUDIT AND EXPENDITURES

SEC. 9. (a) "Fast Freight Transportation Systems Corporation" shall be added to the list of corporations in 31 U.S.C. 846 and the Corporation shall be subject to the provisions of the "Government Corporation Control Act", (31 U.S.C. 841 *et seq.*).

(b) Except as otherwise provided in paragraph (a) of this section, the Corporation is authorized to make such expenditures and to enter into such contracts, agreements, and arrangements, upon such terms and conditions and in such manner as it deems necessary, including the final settlement of all claims and litigation by or against the Corporation.

(c) Nothing in this section shall be construed as denying to the Corporation the power to obtain audits of the accounts of the Corporation and reports concerning its financial condition and operations by certified public accounting firms. Such audits and reports shall be in addition to those required by this section.

CONTROL OF USE OF FREIGHT CARS

SEC. 10. (a) The Corporation shall establish in accordance with the provisions of section 4(b) the terms and conditions governing the use of its equipment, including requirements for identification and distribution of its general service freight cars, as shall in its judgment be appropriate to effectuate the purposes of this Act.

(b) The Corporation may provide financial incentives, including sharing of costs and per diem surcharges, to encourage the installation and use of automatic car identification, scanning devices, and computed technology to assure improved use and distribution of freight cars; and, may enter into such contracts as, in its judgment, may be required for the development and operation of a computer system for car distribution.

(c) The Commission on its own motion, may, or on petition of any interested party, including the Corporation, shall investigate and establish such rules, regulations, practices, charges or car identification and distribution requirements as it considers to be appropriate to effectuate the purposes of this Act.

CHARGES FOR USE OF FREIGHT CARS

SEC. 11. The Corporation shall establish charges for the use of cars supplied by it which, in the judgment of the Board, will enable the Corporation to meet its operating expenses, including depreciation and debt-carrying charges, and to effectuate the purposes of this Act, subject to the review and advice of the Commission. In establishing such charges the Corporation shall take into account the prevailing rates and conditions for use of similar cars.

CAR SERVICE RULES

SEC. 12(a). The Commission shall establish and may amend from time to time such just and reasonable car service rules, regulations, and practices with respect to general service freight cars of any railroad and to issue such car distribution directions thereunder as in its judgment may be necessary or appropriate to effectuate the purposes of this Act. Upon finding that the purposes of this Act will be served thereby, the Commission may, and upon request of the Corporation shall, delegate to the Corporation the authority to establish and to amend such rules, regulations, and practices and to issue car distribution directions thereunder.

(b) The Corporation shall establish and may amend from time to time such just and reasonable car service rules, regulations, and practices with respect to its general service freight cars, and if so authorized by the Commission pursuant to paragraph (a) of this section, with respect to the freight cars of any railroad, as shall in the judgment of the Corporation best serve the purposes of this Act. Such rules, regulations, and practices, and car distribution directions issued thereunder, shall take precedence over any conflicting rules, regulations, or practices established by any railroad or group of railroads or by the Commission. Upon petition of any person affected by any such rule, regulation, or practice, the Commission shall make an investigation and, with or without a hearing, shall order any rule, regulation, or practice which it finds not to be in conformity with this Act canceled, annulled, or amended as the Commission shall find to be appropriate.

(c) Each railroad shall comply with such car service rules, regulations, and practices as may be established, and such car distribution directions as may be issued pursuant to this section.

PROTECTIVE ARRANGEMENTS FOR EMPLOYEES

SEC. 13. (a) It shall be a condition of any contract, under this Act, that fair and equitable arrangements are made, as certified by the Secretary of Labor, to protect the interests of employees affected by such contract. Such protective arrangements shall include, without being limited to, such provisions as may be necessary for (1) the preservation of rights, privileges, and benefits (including continuation of pension rights and benefits) to such employees under existing collective bargaining agreements or otherwise; (2) the continuation of collective bargaining rights; (3) the protection of such individual employees against a worsening of their positions with respect to their employment; (4) assurances of employment and priority of reemployment of employees terminated or laid off; and (5) paid training or retraining programs. Such arrangements shall include provisions protecting individual employees against a worsening of their positions with respect to their employment which shall in no event provide benefits less than those established pursuant to Section 5(2)(f) of the Interstate Commerce Act. Any contract entered into pursuant to the provisions of this Act shall specify the terms and conditions of such protective arrangements. The certification by the Secretary of Labor that employees affected have been provided fair and equitable protection as required by this section shall be a condition to the completion of any transaction requiring such protection.

(b) The Corporation shall not contract out any work normally performed by employees in any bargaining unit covered by a contract between the Corporation or any railroad and a labor organization, if such contracting

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE
BE 4-37
LA1
PR 7
4/25 TN4

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

High Priority

June 14, 1971
1:00 p.m.

HIGH PRIORITY

MEMORANDUM FOR: MR. H. R. HALDEMAN

FROM: DWIGHT L. CHAPIN

Per the attached memorandum the President evidently indicated that he would see Charles Luna, head of the United Transportation Union, if he would soften up on his opposition to setting up a Board for the purpose of working out some featherbedding practices within the railway industry.

Volpe contacted Luna and evidently Luna is ready to drop his opposition if indeed he can meet with the President. Colson is leery of what kind of a deal Volpe has worked out. Hodgson does not believe Luna will drop his opposition without wanting something in return.

Colson, Flanigan and Hodgson(per Colson) favor the President having a five-minute meeting with Luna today, immediately ahead of the meeting with the Railway Union people. Usery, Colson and Volpe would be the participants in this meeting with the President.

Approve five minute meeting _____

Disapprove _____

Other _____

Note: Colson & Usery will meet Luna @ 4:15 for the purpose of clearing the Volpe deal. If they feel the P should meet Luna the 5 minute meeting will be cancelled. /C

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE
BE 4-37
TN 4

MEMORANDUM FOR: THE PRESIDENT

SUBJECT: Meeting with Railroad Labor Leaders
Monday, June 14, 1971
4 p.m. (30 minutes)
Cabinet Room

I. PURPOSE: To discuss problems of the industry, and indicate your concern for upgrading the nation's railway system.

II. A. BACKGROUND: You requested the meeting, having met with the railroad chief executives on the same subject.

B. PARTICIPANTS: Union leaders (See Tab A.); Hodgson, Volpe, Colson and Bell, Usery

C. PRESS PLAN: The meeting has been announced and there will be a press photo opportunity at the beginning.

III. PROBABLE POINTS OF DISCUSSION AND RECOMMENDED RESPONSES:

A. You are gravely concerned at the plight of the railway industry and are determined to take strong measures to improve it so it can efficiently fulfill its vital part in the nation's transportation system. You may wish to refer to your meeting with railway executives, in which three major problems were discussed:

(1) regulatory situation,

(2) lack of adequate financing,

(3) labor problems.

B. You may want to make reference to your emergency strike legislation. You are calling on both sides for full cooperation (this group is opposed).

Reproduced at the Richard Nixon Presidential Library and Museum

C. Urge them to recognize the need for work rule modifications, and to reflect that recognition in future bargaining sessions.

D. The primary purpose is to hear their views of ways to improve railway services, reduce costs and increase labor productivity. Discussion of current bargaining circumstances should be avoided.

Tab B is a memo from the Labor Department stating more specifically issues to be avoided and talking points that might be made.

George T. Bell

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE
BE 4-37
PR 7-1
LA 3
TN 4
PR 10

(4)

MEMORANDUM FOR: THE PRESIDENT

SUBJECT: Meeting with Railroad Labor Leaders
Monday, June 14, 1971
4:30 pm (30 minutes)
Cabinet Room

I. PURPOSE: To discuss problems of the industry, and indicate your concern for upgrading the nation's railway system.

II. A. BACKGROUND: You requested the meeting, having met with the railroad chief executives on the same subject.

B. PARTICIPANTS: Union leaders (See Tab A.); Hodgson, Volpe, Colson and Bell, Usery

C. PRESS PLAN: The meeting has been announced and there will be a press photo opportunity at the beginning.

III. PROBABLE POINTS OF DISCUSSION AND RECOMMENDED RESPONSES:

A. You are gravely concerned at the plight of the railway industry and are determined to take strong measures to improve it so it can efficiently fulfill its vital part in the nation's transportation system. You may wish to refer to your meeting with railway executives, in which three major problems were discussed:

(1) regulatory situation,

(2) lack of adequate financing,

(3) labor problems.

B. You may want to make reference to your emergency strike legislation. You are calling on both sides for full cooperation (this group is opposed).

Reproduced at the Richard Nixon Presidential Library and Museum

FYI/FILE

EXECUTIVE
BE4-37
TN4

Southern Pacific Company

One Market St., San Francisco, California 94105

B. F. BIAGGINI
PRESIDENT

June 15, 1971

President Richard M. Nixon
The White House
Washington, D. C.

Dear Mr. President:

Please accept my sincere thanks for meeting with the group of railroad executives at the White House last Thursday. I thought the meeting was outstanding in every respect. I believe all of us were impressed by your awareness of and concern for the problems of the railroad industry. I am sure, also, that each railroad executive left the meeting with a greater sense of dedication to the things that you are trying to do for our country.

Very sincerely,

Reproduced at the Richard Nixon Presidential Library and Museum

FYI/FILE (3)
EXECUTIVE
BE 4-37
TM 4

H. T. WATKINS, JR.
President and Chief Executive Officer

THE C&O/B&O RAILROADS
TERMINAL TOWER - CLEVELAND, OHIO 44101

June 15, 1971

Dear Mr. President:

The meeting with you in the Cabinet Room last Thursday and the discussion of railroad affairs was an occasion that I will always remember.

Your keen grasp of railroad industry problems and your evident desire to help in solving them have already been reported upon at several meetings with my associates.

For giving so generously of your time, you have the deep appreciation of the C&O/B&O railroads. And for the gift of the precious mementos of the meeting, you have Mrs. Watkins' heartfelt thanks and mine.

That you will do The Greenbrier the great honor of favoring it with a return visit before too long is my hope.

With all best wishes,

Sincerely,

Harry Watkins

The Hon. Richard M. Nixon
The White House
Washington, D. C. 20025

Reproduced at the Richard Nixon Presidential Library and Museum

FYI/FI-6

EXECUTIVE
BE4-37
TN4

W. THOMAS RICE
CHAIRMAN AND
CHIEF EXECUTIVE OFFICER

RICHMOND, VIRGINIA 23261

June 17, 1971

The Honorable Richard M. Nixon
The White House
Washington, D. C. 20025

Dear Mr. President:

It was such a privilege to be invited by you to the White House Conference involving the American railroads on Thursday, June 10.

Your interest and concern for this industry are most reassuring. With the help from the Administration which was indicated in this Conference, we are all most hopeful that some of the recommendations of the ASTRO program will be favorably considered by the Congress.

Our mutual friend, George Smathers, has done a fine job in helping us present the railroad picture in proper perspective, and is continuing to assist us in presenting this program on the Hill.

The cuff links and the pin for my wife are being enjoyed by both of us, and are deeply appreciated.

Thank you again for your hospitality and interest, and with all good wishes,

Most sincerely,

Tom Rice

Reproduced at the Richard Nixon Presidential Library and Museum

BROUGHT FORWARD

EXECUTIVE

TN 4 6/17/71

Previously filed Date

Name J J Pickle

Organization

EXECUTIVE

TN 4 7/1/71

New File Symbol Date

FINAL ACTION Reply for Dept. of Interior to J J. Pickle

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE (2)

THH

THE WHITE HOUSE OFFICE

REFERRAL

To: The Secretary of Transportation Date: June 22, 1971

ACTION REQUESTED

_____ Draft reply for:
_____ President's signature.
_____ Undersigned's signature.

_____ Memorandum for use as enclosure to reply.

_____ Direct reply.
_____ Furnish information copy.

__X__ Suitable acknowledgment or other appropriate handling.
_____ Furnish copy of reply, if any.

_____ For your information.

_____ For comment.

NOTE

Prompt action is essential.

If more than 72 hours' delay is encountered, please telephone the undersigned immediately, Code 1450.

Basic correspondence should be returned when draft reply, memorandum, or comment is requested.

REMARKS:

Description:

__X__ Letter: _____ Telegram: Other:

To: The President
From: Gordon W. Roseleip, Senator, Wisconsin Legislature, Madison, Wisconsin
Date: 6/17/71
Subject: Urging Presidential action to prevent abandonment of the Northwestern Railroad and to see that it continues to function -- service needed by shippers of agricultural products.

By direction of the President:

Michael B. Smith
Assistant

rah

RECEIVED
JUN 23 1971
CENTRAL FILES

(White House File Copy)

Reproduced at the Richard Nixon Presidential Library and Museum

SENATOR GORDON W. ROSELEIP
Room 325 South
State Capitol, Madison, Wisconsin
Office Phones:
266-1007
266-1085

WISCONSIN LEGISLATURE
SENATE CHAMBER
MADISON
53702

Senator, 17th District
Grant, Iowa, Lafayette, Green and Richland Counties
CHAIRMAN: Committee on Governmental and Veteran's Affairs
VICE-CHAIRMAN, Committee on Natural Resources

June 17, 1971

PRESERVATION COPY

The Honorable Richard M. Nixon
President, United States
White House
Washington, D.C.

Mr. President:

In the past few months I have received a great deal of mail from my constituents in Southwestern Wisconsin pertaining to the abandonment of the Chicago & Northwestern Railroad.

I cannot express how important and vital this railroad is to Grant, Lafayette, Iowa and Dane Counties as far as their economic well-being.

This service is needed now to serve the needs of shippers of agricultural products from one of the finest agricultural areas in Wisconsin. But, even more important is the fact that rail service for this area will be needed in the future if we hope to continue plans to attract industry into the area. It is vitally necessary that we do all we can to promote continued industrial development in order to provide jobs and boost the general economy.

I urge you to do everything possible to prevent the abandonment of the Northwestern Railroad and to see to it that it continues to function in order to bring prosperity and build a better future for Southwestern Wisconsin.

Thanking you, I am.

Sincerely,

GORDON W. ROSELEIP
Senator, 17th District

GWR:caw

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE
FG26
FG25
TN1
CF
(3)

OFFICE OF THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

June 25, 1971

to Glass

MEMORANDUM

TO : Mr. R. George Crawford
Staff Assistant to the President

FROM : Assistant General Counsel
for Legislation - TGC-40

SUBJECT: Hearing Before Senate Subcommittee on
Surface Transportation - June 29

Charlie Baker requested that a copy of his proposed testimony regarding the freight car shortage problem be sent to you. This hearing is scheduled for Tuesday, June 29. before the Senate Subcommittee on Surface Transportation.

Thomas H. Trimarco

Attachments: a/s (2)

OCT 7 1971
CENTRAL FILES

Reproduced at the Richard Nixon Presidential Library and Museum

Gen

(2)

EXECUTIVE
BE 4-37
FG 12
FI 11
TN 4

June 28, 1971

MEMORANDUM FOR SECRETARY CONNALLY
ASSISTANT SECRETARY COHEN

FROM: PETER M. FLANIGAN

On June 10 the President met with the Chief Executive Officers of ten of the country's major railroads. At the meeting the railroad executives proposed that substantial tax relief was justified regarding railroad investment. The President requested that Frank Barnett, Chairman and Chief Executive of the Union Pacific, meet with Secretary Connally on this matter.

After the meeting I requested that Mr. Barnett first submit a memorandum stating in detail the railroad's thoughts on this subject. A copy of that memorandum, plus Mr. Barnett's covering letter, is attached hereto. As you can see, Mr. Barnett is now attempting to follow up the President's instructions by making an appointment with Secretary Connally.

I recommend that I suggest to Mr. Barnett that prior to the meeting with Secretary Connally, he and I meet with Assistant Secretary Cohen to understand more fully the problem and the Treasury's current position relating thereto. After that meeting, and after Secretary Connally and Assistant Secretary Cohen and I have agreed on an Administration position, Secretary Connally can meet with Mr. Barnett in order to present that position. Unless you disapprove of this proposed procedure, I will go forward with arranging the initial meeting between Messrs. Cohen, Barnett, and Flanigan.

cc: Jon Engman

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE
PR13-1/13
TN4

THE WHITE HOUSE OFFICE

REFERRAL

To: The Secretary of Transportation Date: June 25, 1971

ACTION REQUESTED

_____ Draft reply for:
_____ President's signature.
_____ Undersigned's signature.

_____ Memorandum for use as enclosure to reply.

_____ Direct reply.
_____ Furnish information copy.

__X__ Suitable acknowledgment or other appropriate handling.
_____ Furnish copy of reply, if any.

_____ For your information.

_____ For comment.

NOTE

Prompt action is essential.

If more than 72 hours' delay is encountered, please telephone the undersigned immediately, Code 1450.

Basic correspondence should be returned when draft reply, memorandum, or comment is requested.

REMARKS:

Description:

_____ Letter: _____ Telegram: Other: Resolution

To: The President
From: W. Robert Blair, Speaker of the House, and others, 77th General Assembly,
Date: pmd 6/22/71 House of Representatives of State of Illinois, Springfield, Ill.
Subject: Urges inclusion of Metropolitan Springfield on the Railpax route and that "Railpax" give priority to development of a high speed grade separated route between St. Louis, Springfield and Chicago.

By direction of the President:

Michael B. Smith
Assistant

rah

RECEIVED
JUN 28 1971
CENTRAL FILES

(White House File Copy)

Reproduced at the Richard Nixon Presidential Library and Museum

(3)

EXECUTIVE
FA4
AE 1
TA4
FG6-16

June 28, 1971

FOR CASPAR WEINBERGER

Recently John forwarded to you a memorandum regarding the use of highway trust funds to construct grade crossings at and over railroads.

John's thought was that this would create jobs, aid the railroads, and provide better use of earmarked funds.

Would you let us know if anything has been done on this.

As always, Cap, your help would be most appreciated.

Tod R. Hullin

RECEIVED
JUN 29 1971
CENTRAL FILES

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE

HI 2

FG25

TO4

FG6-16

June 30, 1971

MEMORANDUM FOR PETER FLANIGAN

FROM GEORGE CRAWFORD

SUBJECT: RAILROAD GRADE CROSSINGS

OMB lawyers and transportation people (Jim Bradley and Jack Young) agree that the Secretary could announce immediately that $500 million of additional FY 1972 funds will be made available for highway safety improvements and within that priority will be given to railroad grade crossings and high unemployment areas. The dollar $500 million or any other specified amount cannot be earmarked for grade crossings. The statute does not allow grants for that purpose alone, but only says priority may be given to safety improvements, and within that we could, by inference, specify grade crossings. Also, there are not enough grade crossings on which to spend the money.

Of the total 225,000 existing grade crossings only 45,000 are estimated to be on federal aid highway systems and thus eligible for federal aid. Of these, only about 6,000 have sufficient volume of traffic to justify immediate improvements, and this would not cost $500 million but closer to $200 million. Also, funds must be distributed among the states in accordance with a formula set out by statute. While priority within states can be given to railroad grade crossings, many states would not come forward with proposals (and matching funds) for enough grade crossings to use up their share of the $500 million and therefore their share of the funds would be spent for other purposes.

Reproduced at the Richard Nixon Presidential Library and Museum

White House File

cc:
Mr. Flanigan
Mr. Carlson

(2)

June 30, 1971

EXECUTIVE
FA4
TN1
TN4

Mr. Jervis Langdon, Jr.
Trustee
Penn Central Transportation Company
Six Penn Central Plaza
Philadelphia, Pennsylvania 19104

Dear Jervis:

Since receiving your letter dated May 19, 1971, I have been concerned about your statement that the railroad problem occurs because of "... subsidized competition on the highways...." I have checked into whether highway users are, in fact, subsidized by the Government. The answer appears to be "No."

The available data, summarized in the attached table, shows that highway user taxes account for 96% of total highway expenditures. When considering only State and Federal governments, which is the relevant comparison for comparing highways and railroads, Federal and State highway user taxes account for 135% of Federal and State highway expenditures. This means that highway users are paying 35% more than highway costs and thus subsidizing other governmental activities.

I think these facts are important to keep in mind in the months ahead.

Sincerely,

(Signed) Pete

Peter M. Flanigan
Assistant to the President

Enclosure

RECEIVED
JUL 1 0 1971

cc:
Mr. Flanigan
Mr. Carlson
White House Files
Return to OMB

Chron

DO:JWCarlson:pb 6/28/71

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE
TN4
4/25

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

July 1, 1971

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

In accordance with the requirement of Section 10 of the Emergency Rail Services Act of 1970, I am transmitting, herewith, the report on the financial condition of the Penn Central Transportation Company as of April 30, 1971.

Respectfully,

Enclosures

Enclosures filed in Oversize Attachments #6077.

Reproduced at the Richard Nixon Presidential Library and Museum

THE WHITE HOUSE
Washington

Date 7/2/71

TO: John Campbell - This report has been sent to President and to Congress. No action is required from the President
Noble Melencamp

THE WHITE HOUSE
WASHINGTON

Date: 6/7

TO: Central Files

FROM: John Campbell

For your information _____

Comments:

Copies sent to Flanigan + Shultz.
No action required

RECEIVED
JUL 7 1971
CENTRAL FILES

Reproduced at the Richard Nixon Presidential Library and Museum

TO THE PRESIDENT AND THE CONGRESS OF THE UNITED STATES

On January 26, 1971, pursuant to section 3 of the Emergency Rail Services Act of 1970, Public Law 91-663, I guaranteed $100 million of Trustees' Certificates to be issued by the trustees of the property of the Penn Central Transportation Company. Section 10 of the Act provides that the Secretary of Transportation shall make a report to the President and the Congress on the financial condition of each railroad having a loan guaranteed under the Act 90 days after the making of such guarantee. This report on the financial condition of the Penn Central Transportation Company is submitted pursuant to that section. The report includes a summary of the Penn Central Transportation Company's operations for the calendar year 1970, discusses the making of the loan guarantee including the imposition of appropriate terms and conditions, and evaluates Penn Central Transportation Company's financial condition at the close of the first four months of the calendar year 1971.

The railroad had reported a deficit of $52 million in 1969 and $2 million in 1968. A subsequent report in the last year by the Interstate Commerce Commission indicated that the deficits for these years were $82 and $5 million respectively. These

Reproduced at the Richard Nixon Presidential Library and Museum

deficits substantially increased in the first five months of 1970. The precise cause or causes of the losses have not been determined. However, those most frequently cited are management deficiencies, poor service, severe winter weather, heavy merger start up costs, excess facilities, heavy passenger deficits and a general inflationary situation coupled with an economic down-turn. In addition, the railroad apparently sustained a heavy cash drain through the continued payment of dividends, and increased fixed charges on heavy corporate debt incurred in connection with the merger between January 1, 1968 and June 23, 1970. It was the inability to repay certain of these debts as they came due that precipitated the filing of the petition for reorganization.

On June 23, 1970, Judge John P. Fullam, of the United States District Court for the Eastern District of Pennsylvania, was appointed to supervise the reorganization proceedings. On July 22, 1970, Judge Fullam appointed Messrs. George P. Baker, Richard C. Bond, Jervis Langdon, Jr., and W. Willard Wirtz as trustees. The trustees selected Mr. Robert W. Blanchette as counsel on July 30, 1970, and Mr. William H. Moore as president on August 13, 1970.

Reproduced at the Richard Nixon Presidential Library and Museum

By application dated January 7, 1971, the trustees requested the guarantee of Trustees' Certificates in the amount of $110 million. Subsequently, additional material concerning the availability of funds from such sources as accounts receivable and sale of non-transportation assets was submitted upon the request of the Department.

After examination of all relevant data, and after several consultations with the Interstate Commerce Commission, the Department of the Treasury and the Federal Reserve Board, I concluded that the guaranty of Trustees' Certificates in the principal amount of $100 million was necessary if the railroad was to be enabled to continue essential operations required in the public interest. My conclusions were based upon the following findings:

a) The Penn Central provides services which are essential transportation services within the meaning of the Emergency Rail Services Act of 1970, and the cessation of such services would have endangered the public welfare.

b) Cessation of the Penn Central's services was imminent at the time the application was approved.

c) There were no practicable means of obtaining funds to meet payroll and other expenses necessary to provide such services other than the issuance of Trustees' Certificates.

Reproduced at the Richard Nixon Presidential Library and Museum

d) These certificates would have been unmarketable without a Government guarantee.

e) The Penn Central could reasonably be expected to become self-sustaining.

f) The Penn Central's assets of $4,664,819,602 provided reasonable protection to the United States in the event of liquidation.

The guaranty agreement was made subject to certain terms and conditions and was executed on January 26, 1971. Copies of the Rules and Regulations promulgated by the Federal Railroad Administration under the Act, the Findings required by the Act, the Attorney General's Opinion that the guarantees authorized by the Act bring into being general obligations of the United States backed by its full faith and credit, the Waiver of Notice under Section 3(a) of the Act, the Agreement on terms and conditions, the Guaranty Agreement, the Purchase Agreement, the Prospectus, and the Deposit Agreement are attached as Exhibit I.

The proceeds from the sale of the Certificates were placed in short-term Government securities and bank certificates of deposit and made immediately available to the trustees to be drawn down as needed. The trustees are required to give the Secretary advance notice of their intention to make a draw down, and to consult with him regarding the need for the draw down. Court approval of the draw down must then be obtained.

Reproduced at the Richard Nixon Presidential Library and Museum

Terms and Conditions

Section 3(a) of the Emergency Rail Services Act directs the Secretary to establish certain conditions precedent to a guarantee. Section 3(d) of the Act further authorizes the Secretary to prescribe such other terms and conditions as he deems appropriate. Accordingly, the Secretary prescribed eleven conditions in the Agreement on Terms and Conditions. Among these are two of particular concern to Congress:

(1) The plan for the sale of non-transportation assets of the Company and its corporate subsidiaries.

(2) The plan for the abandonment of lines of railroad which are uneconomical and not required in the public interest.

Sale of Non-Transportation Assets *

On March 5, 1971, after an extension of 18 days, the plan for the sale of non-transportation assets was filed. A copy is appended to this report as Exhibit II.

The trustees advise that they plan to dispose of real estate worth some $66 million owned by the Penn Central Transportation Company or its subsidiaries in the calendar year 1971.

After this report had been prepared, the trustees announced plans for the sale of the Park Avenue properties and the stock of the Pennsylvania Company. Approval of the Court must be obtained in connection with any disposition of these assets.

Reproduced at the Richard Nixon Presidential Library and Museum

In addition, the trustees report that they are exploring plans for the disposition of real estate worth some $393 million. Portions of this property are encumbered by mortgages totaling approximately $267 million. The remainder is not encumbered but some $86 million may be subject to transfer restrictions. These totals do not include the Park Avenue properties or the assets of the Pennsylvania Company, a wholly owned subsidiary of the Penn Central Transportation Company.

The trustees are also seeking purchasers of securities owned directly or indirectly by Penn Central Transportation Company. The principal of these assets is the common stock of the Pennsylvania Company discussed in detail below.

Other assets include the holdings of the American Contract Company, a wholly-owned subsidiary of the Penn Central Transportation Company. The American Contract Company owns all the stock of the Excelsior Truck Leasing Company, and the Delbay Corportation, and has an investment of $21 million in stock of Executive Jet Aviation, Inc. The Executive Jet Aviation stock, however, is held by the Detroit Bank and Trust Company pursuant to a voting and liquidating trust, and the bank is expected to dispose of the company very shortly. In addition to the American Contract Company, Penn Central has significant interests in the Madison Square Garden

Reproduced at the Richard Nixon Presidential Library and Museum

Corporation (1,038,093 shares), (It should be noted that the Pennsylvania Company also owns 7% of the Madison Square Garden Corportation), the Merchants Dispatch Transportation Corporation (100%), the Manor Real Estate Company (100%), the Pittsburgh and Lake Erie Railroad Company (93%), the Pullman Company (138,530 shares), the Terminal Realty Company (an undivided one half interest in 100% of the stock), the Toronto, Hamilton, and Buffalo Railroad (31%), and certain notes of the Railway Express Corportation. The trustees' report on the sale of non-transportation assets states that it would be difficult to sell these assets in a manner that would yield reasonable and immediate cash benefits. Creditors' prior claims and contractual limitations limit the market for the sale of these securities and the Court may require that proceeds from any such sale be placed in escrow for the benefit of creditors.

The Pennsylvania Company

The most valuable of the securities controlled by the Penn Central Transportation Company are the shares of the Pennsylvania Company and of those non-rail subsidiaries and leased lines through which the Penn Central Transportation Company controls its Park Avenue real estate operations. The stock of the Pennsylvania Company, however, is encumbered by obligations totaling $300 million. In a comprehensive report

Reproduced at the Richard Nixon Presidential Library and Museum

submitted by the Pennsylvania Company to the trustees, which has been included in and made a part of the trustees' report to the Department (Exhibit II), it was concluded that the method of sale entailing the least legal and practical problems would apparently be the sale of Penn Central Transportation Company's entire interest in the Pennsylvania Company at a price fairly reflecting its value. We concur in this conclusion.

The Park Avenue Properties

The Railroad's portion of the Park Avenue assets is subject to mortgages secured by bonds totaling $425 million. At the present time, these mortgaged assets provide annual income of $21 million that is directly available to meet rail expenses. The trustees have stated that it would not be prudent to sell the property and forego the annual income, in view of the mortgages and the probability that any proceeds realized from such a sale would be the subject of litigation instituted by the bondholders and therefore not immediately available to the Company. They concluded that for the year 1971, it would appear that the rental return, on balance, would be of greater benefit to the railroad than would a massive sale of the properties. The trustees' conclusions are being reviewed by the Department and additional data will be requested, if necessary.

Reproduced at the Richard Nixon Presidential Library and Museum

Abandonments

In addition to the plan for the sale of non-transportation assets, the trustees were also requested to submit a plan by February 25, 1971, for abandonment of uneconomical lines of railroad. The trustees submitted Phase I and II and are now preparing Phase III of a multi-phase plan outlining proposed abandonments. A copy of Phase I and II is appended to this report as Exhibit III. Phase I consists of 16 lines or segments of lines in four states and one province in Canada, comprising a total of 114 route miles. These lines or segments vary in length from one or two miles up to 60 miles. Applications for abandonment of these lines have already been filed with the Interstate Commerce Commission and the Transport Commission of Canada.

Phase II of the program covers 67 lines or segments of lines comprising a total of 705 route miles. The trustees have received permission from the Reorganization Court for authority to abandon 63 of these lines or segments which comprise both Penn Central and leased line ownerships, and have filed application with the Interstate Commerce Commission for certificates permitting abandonment of the majority of these lines. Applications have not yet been filed for certain of the leased lines because of legal complications arising from the terms of the leases.

Reproduced at the Richard Nixon Presidential Library and Museum

The trustees have advised that a study is being completed to determine the lines which will be included in Phase III of the abandonment program. This study involves analysis of approximately 1,000 route miles that they believe should be abandoned, and it is expected that the specific content of Phase III will be submitted by the trustees to the Court as quickly as filings are drafted. Certain ICC procedural changes to facilitate processing will require that these initial filings be more detailed than has previously been necessary.

The remainder of the Penn Central's trackage is under study at the present time. Subsequent phases will be developed and processed promptly. The trustees estimate that the total program will result in a reduction of at least 20 and perhaps as much as 40 percent of the present total as the railroad responds to changes in railroad operating methods, pricing, and the requirements of shippers and receivers.

Operations and Finance

The trustees report that there has been a continuing attempt to acquire new equipment, and to develop new marketing and operating techniques, and that legal action has been instituted to correct abuses that may have occurred under the former management.

Reproduced at the Richard Nixon Presidential Library and Museum

Under the supervision of the trustees, the executive structure of the railroad was streamlined, resulting in a reduction of vice presidencies from 34 to 11 and in the phased elimination of more than 1,000 supervisors and support personnel. Certain administrative functions were centralized to facilitate service at the regional level and total employment was reduced by more than 5,000. Further reductions during the first 3 months of 1971 have resulted in an average mid-month employment figure of 90,000 for March of this year compared with a 1970 average figure of approximately 93,900. Track maintenance was increased and 137 new locomotives were purchased. Siginificantly, management reports that the number of shipper complaints began to fall in the latter part of 1970 reflecting the improvement of service.

A bright spot is the report for the first seventeen weeks of 1971 of carloading in interline with Penn Central. The number of cars interlined with the Penn Central is up 0.3% compared with the same period in 1970, while the whole Eastern District is down 7.3% over the like period in 1970. Thus, it appears that operating changes may have been effective in returning some of the traffic lost in prior years.

Some of the carrier's financial reports present a less optimistic picture. Copies of these reports, submitted pursuant to the agreement on terms and conditions, are appended

Reproduced at the Richard Nixon Presidential Library and Museum

to this report as Exhibit IV. The reports show a net income loss of approximately $431 million for the year 1970, compared with a loss of approximately $82 million for 1969. The 1970 loss, however, includes approximately $104 million of non-recurring losses due to write-offs of investment impaired by the reorganization proceedings and the abandonment of certain facilities. The approximate operating loss is thus $327 million. The trustees also have questioned the validity of the accounting procedures used in pervious years and have suggested that the 1969 loss may have been considereably understated.

Railway operating revenues in the first quarter of 1971 increased over the first quarter of 1970 by some 10%. This rise was principally because of rate increases. The operating expenses rose by only 7.25% in 1971 compared with the same quarter in 1970; costs of maintenance of way and equipment accounted for most of the increase. As a result, for the first three months of the year, the Penn Central's operating ratio went from 96% in 1970 to 93% in 1971. Moreover, the interim figures for April show the operating ratio dropping to approximately 91.3%. While this indicates some measure of improvement, it should be recognized that financially healthy carriers such as the Baltimore and Ohio, the Southern, and the Norfolk and Western had operating ratios for the calendar year 1970 of 76.9%, 72.8%, and 72%, respectively.

Reproduced at the Richard Nixon Presidential Library and Museum

Despite the moderately favorable percentage increase in revenues to operating expenses, the net railway operating income deficit for the first quarter of 1971 increased about $2.5 million over that experienced in the same quarter of 1970. This was due primarily to the increase of about $11.2 million in equipment rentals over 1970. In other words, the increase in equipment rents more than offset the net increase between revenues and operating expenses. The net income deficit for the first quarter of 1971 increased to $92.5 million, up from the $66.6 million deficit for the same quarter in 1970. This increase is due primarily to the large increase in equipment rentals ($11.2 million) and the decrease in miscellaneous income ($17 million) during the first quarter of 1971 as compared to the same quarter in 1970.

The Penn Central's cash flow statements for the first four months of 1971 indicate that operations resulted in a continuing cash drain. During January, February, and March, this drain reached $69.3 million before loan draw-downs. An interim cash report for April indicates that the corporation will experience a net loss of some $4.6 million in that month, exclusive of loan draw-downs. Thus, the net result of operations for the first four months is a net cash drain of $73.9 million.

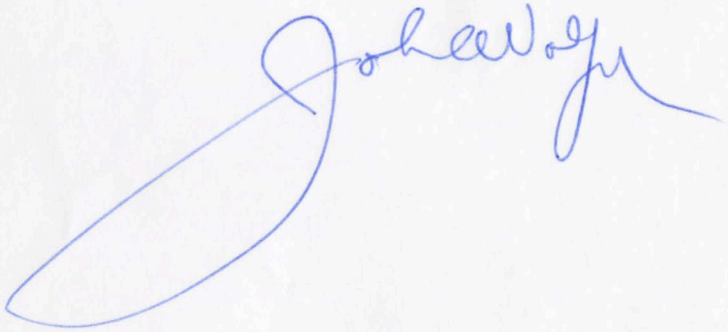
Reproduced at the Richard Nixon Presidential Library and Museum

In making the loan guarantee, the Department analyzed Penn Central's actual cash flows between July 1 and December 31, 1970, and its forecast cash flow through March 31, 1971, and determined that a minimum operating cash balance of approximately $20 million should be maintained to assure operational liquidity. To cover the cash depletion and maintain a positive cash balance, the trustees on January 28, 1971, drew down $15 million from the proceeds of the sale of the certificates. These funds were applied to cover payroll and associated costs due on January 28, 29 and February 2, 1971. On February 16, 1971, the trustees were authorized to draw down $50 million to meet the 1970 retroactive wage increase and associated payroll costs. This pay increase was authorized by Public Law 91-541, and the funds were disbursed to employees beginning on February 16, 1971.

On April 1, 1971, an additional $20 million draw down was authorized by the Court to be used solely for payroll and railroad retirement taxes. Approximately $10 million of this authorization has actually been drawn. The trustees estimated that the latest authorization will enable them, on the basis of their April cash forecast, to maintain the minimum cash balance required through April. There remains a balance of $15 million from the original guarantee still to be authorized.

Reproduced at the Richard Nixon Presidential Library and Museum

Thus, a total of $25 million is still to be disbursed. Under current plans, the trustees anticipate that this balance will be sufficient to carry the Penn Central into the third quarter of 1971.



Reproduced at the Richard Nixon Presidential Library and Museum

DEPARTMENT OF TRANSPORTATION
FEDERAL RAILROAD ADMINISTRATION
WASHINGTON, D.C. 20591

OFFICE OF
THE ADMINISTRATOR

EXECUTIVE

JUL 1 1971

Honorable J. J. Pickle
House of Representatives
Washington, D. C. 20515

Dear Mr. Pickle:

This is in regard to your letter of May 19, 1971, addressed to President Nixon regarding restoration of rail passenger service between Laredo and Dallas.

It is my understanding that this proposed operation is being carefully studied by AMTRAK. If it appears that a market does exist for the Mexican service, and that such a market could be served with minimal losses, it is likely that AMTRAK will attempt to operate service, at least on a provisional basis. I am sure you are aware, however, of AMTRAK's projected system losses, and of AMTRAK's need to concentrate efforts and resources in those operations where patronage is most likely to develop.

Sincerely,

Robert Lee Kessler

Acting Administrator

cc: Jeanne W. Davis
Staff Secretary, National Security Council
White House

RECEIVED
JUL 8 1971
CENTRAL FILES

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE

TN 4

JUN 17 1971

Honorable J. J. Pickle
House of Representatives
Washington, D. C. 20515

Dear Mr. Pickle:

Your letter to President Nixon concerning the re-establishment of rail passenger service between the United States and Mexico has been referred to the Department of State for comment. We are replying directly to you to clarify our views on the proposed rail link.

The renewal of a through passenger line to Mexico would advance United States interest in maintaining the excellent relationship we now enjoy with that country. As you already know, the Mexican government has formally expressed its interest in seeing rail service extended south to Laredo, Texas, and has made its wishes known in a memorandum to the Department of Transportation.

As yet, however, we do not have the results of AMTRAK's analysis of the cost of a rail connection to Mexico. Until it is clear that AMTRAK will in fact be able to operate and maintain such service, we think it would be unwise to encourage the Mexicans further. Moreover, although they are aware of the costs involved, the Mexicans have not offered any substantial assistance to ease the losses that AMTRAK may incur.

The Department of State has inquired of the Bureau of Customs and the Immigration and Naturalization Service to learn whether these two agencies can

(memo for State dated 6/28/71 is attached)

RECEIVED
JUN 30 1971
CENTRAL FILES

Reproduced at the Richard Nixon Presidential Library and Museum

conduct their respective services on board the train. The Bureau of Customs does not favor such a procedure, and bases its objections on past pre-clearance experience. INS is willing to consider on-board pre-clearance, and we are ready to request this formally once a definite decision has been reached on the rail link.

I shall keep you informed of further developments as they occur.

Sincerely yours,

David M. Abshire
Assistant Secretary for
Congressional Relations

Reproduced at the Richard Nixon Presidential Library and Museum

7107875
NSC 28769
add to

DEPARTMENT OF STATE

Washington, D.C. 20520

June 28, 1971

Memorandum for: NSC Secretariat
The White House

Subject: Representative Pickle's Letter to the President Concerning AMTRAK Link with Mexico

The attached copy of a letter to Representative Pickle sets forth the Department of State's position on the proposal to re-establish passenger rail service to Mexico. This position has been coordinated with the Department of Transportation.

While the rail link would be beneficial to our relations with Mexico, we believe it does not warrant the President's intervention at this time.

Secretariat Staff

Attachments:

1. Letter from Abshire to Pickle, 6/17/71.
2. Letter from Amb. McBride to Pickle, 5/13/71.
3. Original correspondence.

MICROFILM DATA
DO
INIT
DATE
ORIG) NSC
TO) PAF
WHC
SUBF

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE

TH4
FO2/C0100

THE WHITE HOUSE OFFICE

REFERRAL

NSC 28769

To: State Secretariat
Department of State

Date: May 26, 1971

ACTION REQUESTED

_____ Draft reply for:
_____ President's signature.
_____ Undersigned's signature.

_____ Memorandum for use as enclosure to reply.

_____ Direct reply.
_____ Furnish information copy.

XXXX Suitable acknowledgment or other appropriate handling.
XXXX _____ Furnish copy of reply, if any.

_____ For your information.

_____ For comment.

NOTE

Prompt action is essential.

If more than 48 hours' delay is encountered, please telephone the undersigned immediately, Code 1450.

Basic correspondence should be returned when draft reply, memorandum, or comment is requested.

REMARKS:

Please coordinate your action with the Department of Transportation. A copy of this correspondence has been sent to them as well.
Please furnish the NSC with a copy of a reply, if any.

Description:

XXXX Letter: _____ Telegram: Other:

To: The President
From: Hon. J J Pickle
Date: May 19, 1971
Subject: Establishment of AMTRAK service from Laredo North to Dallas

By direction of the President:

Craig W Hulbert
for Jeanne W. Davis
Staff Secretary

RECEIVED
MAY 29 1971
CENTRAL FILES

(White House File Copy)

Reproduced at the Richard Nixon Presidential Library and Museum

THE WHITE HOUSE OFFICE

7107875

REFERRAL

NSC 28769

To: State Secretariat
Department of State

Date: May 26, 1971

ACTION REQUESTED

_____ Draft reply for:
_____ President's signature.
_____ Undersigned's signature.

_____ Memorandum for use as enclosure to reply.

_____ Direct reply.
_____ Furnish information copy.

XXXX Suitable acknowledgment or other appropriate handling.
XXXX Furnish copy of reply, if any.

_____ For your information.

_____ For comment.

NOTE

Prompt action is essential.

If more than 48 hours' delay is encountered, please telephone the undersigned immediately, Code 1450.

Basic correspondence should be returned when draft reply, memorandum, or comment is requested.

REMARKS:

Please coordinate your action with the Department of Transportation. A copy of this correspondence has been sent to them as well.
Please furnish the NSC with a copy of a reply, if any.

Description:

XXXX Letter: _____ Telegram: Other:

To: The President
From: Hon. J J Pickle
Date: May 19, 1971
Subject: Establishment of AMTRAK service from Laredo North to Dallas

IT & US
WR IT & MEX

(2)

By direction of the President:

Craig W Hackney
for Jeanne W. Davis
Staff Secretary

(Copy to remain with correspondence)

Reproduced at the Richard Nixon Presidential Library and Museum

NSC CORRESPONDENCE PROFILE

DOC MO DA	RECD MO DA HR	LOG NBR	INITIAL ACTION OFF
0521	052512	28769	

D-14

DOC SOURCE/CLASS/DESCRIPTION

TO: PRES ____ KISSINGER X HAIG ____

FROM: ELIOT ____ ROGERS, W ____ LAIRD, M ____ Timmons, Wm.

U X LOU ____ C ____ S ____ TS ____

LOG IN/OUT ONLY

NO FORN ____ BUO ____ EYES ONLY ____ CODE WORD ____ SENSITIVE ____

NODIS ____ EXDIS ____ LIMDIS ____ RES DATA ____

SUBJECT: Ack. Rep. Pickle's ltr to Pres. re possibility of establishing railroad passenger service north from Laredo to Temple or Dallas.

REFERENCE: S/S ____ OTHER ____ NOT XEROXED ____

APP'TS: PRES ____ HAK ____ TALKER ____ MEMCON ____ DATE REQ. ____

SECRETARIAT DISTRIBUTION/ACTION

INTERNAL ROUTING AND DISTRIBUTION	ACTION	INFO	REC CY FOR
ADVANCE CYS TO HAK/HAIG	■		
STAFF SECRETARY			
FAR EAST			
SUB-SAHARAN AFRICA			
NR EAST/NORTH AFRICA			
EUROPE/CANADA			
LATIN AMERICA	X		
UNITED NATIONS			
ECONOMIC			
SCIENTIFIC			
LR PLANNING			
PROGRAM ANALYSIS			
NSC PLANNING			
CONGRESSIONAL		X	

ACTION REQUIRED

MEMO FOR HAK ( )
MEMO FOR PRES. ( )
REPLY FOR ____ SIGNATURE ( )
FOR DISTRIBUTION/DISPATCH ( )
MEMO ____ TO ____ ( )
RECOMMENDATIONS ( )
JOINT MEMO ( )
REFER TO STATE ( )
ANY ACTION NECESSARY ? (X)
CONCURRENCE ( )
DUE DATE: 0529

COMMENTS: (Including Special Instructions)
Refer to State for handling - coordinate with Transportation

INTERNAL/INTERIM ROUTING

DATE	FROM	TO	S	ACTION REQUIRED	CY TO
5/25	Mach	Morphy		Refer to State Ans 5/25	
5/26 M/R		For WH Refund Add in Comments: "Coordinate w/ DOT."			
5/25	NSC/S	STATE	C	FOR YOUR HANDLING	

DISPOSITION

CROSS REF WITH ____ NOTIFY ____ DATE ____

SEE LOG ____ DISPATCH: LETTER/~~MEMO~~ to STATE X

JOINED BY LOG ____ COPIES: (AS MARKED ABOVE) to TRANSPORTATION

SPECIAL FILE RQMT: ____ SA, ____ HP, ____ HM

SPECIAL DISPOSITION COMMENTS: ____

SUSPENSE CY ATTACHED: YES ____ NO ____

MICROFILM DATA
DO ____ INIT ____ DATE ____
MAY 28 1971
ORIG) NSC ____
TO) PAF ____
WHC ✓
SUBF ____

★ GPO: 1971—412-412

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE

TH 4

May 22, 1971

Dear Jake:

I would like to acknowledge and thank you for your May 19 letter to the President regarding the possibility of establishing railroad passenger service north from Laredo to Temple or Dallas. You may be assured your letter will be presented to the President for consideration at the earliest opportunity.

With warm regards,

Sincerely,

Bill

William E. Timmons
Assistant to the President

Honorable J. J. Pickle
House of Representatives
Washington, D. C. 20515

bcc: w/incoming to Dpt. of Trans. (Laurence Burton) for your information.
bcc: w/incoming to Dr. Kissinger for further handling.

WET:EF:VO:ki

RECEIVED
MAY 24 1971
CENTRAL FILES

Reproduced at the Richard Nixon Presidential Library and Museum

J. J. PICKLE
10TH DISTRICT, TEXAS

WASHINGTON ADDRESS:
231 CANNON HOUSE OFFICE BUILDING

COMMITTEE:
INTERSTATE AND FOREIGN COMMERCE

Congress of the United States
House of Representatives
Washington, D.C. 20515

May 19, 1971

The Honorable
Richard M. Nixon
The White House
Washington, D. C.

Dear Mr. President:

It is my hope that you might express an interest to the President of Mexico, The Honorable Luis Echeverria, to explore the possibilities of providing railroad passenger service by AMTRAK from Laredo North, hopefully as far as Dallas. As you know, Mexico now has relatively good train passenger service from Mexico City to Nuevo Laredo.

When the basic passenger system was announced, Secretary John Volpe specifically stated that his Department would assiduously explore the possibilities of train connections between Mexico and Canada. One of these points of service he stated would be Laredo, Texas.

I am firmly convinced that we could not have a better opportunity to concretely show a personal interest in the national good neighbor relations between Mexico and the United States than through the resumption of passenger service from Laredo, North. I realize that this particular route might not be a profitable route to begin with.

Although no specific costs-loss figures are available, AMTRAK is studying these figures now. There might be that there would be a passenger loss of some $600,000 annually for a route between Laredo and Temple, Texas (which would connect with the North-South train from Chicago). This could be offset somewhat by passenger revenues and possible mail contracts. If this is so, it would seem to me that such losses would be more than offset by the great good will that would result to our two countries.

Reproduced at the Richard Nixon Presidential Library and Museum

Recently, I visited with the Honorable Lic. Victor Manuel Villasenor, General Manager, National Railways of Mexico, who expressed keen, if not excited interest in the possibility of extending passenger service between our two countries. I think he is so expressing himself to President Echeverria. You can see from the attached letter from our Ambassador, The Honorable Robert H. McBride, that he portrays a keen interest on the part of Mexican officials for this type of service; and the endorsement by former President Miguel Aleman is, I think very significant.

I hope, therefore, that you might be able to write to President Echeverria and express our country's interest in exploring the possibilities of this kind of passenger service. Although your letter would be understandably general in nature, I think it could portray to President Echeverria an interest on our part at least to investigate and explore the possibilities. Quite naturally, those of us in Texas are interested in this service, because it would primarily affect our state. But this is more than a state matter, and I am most hopeful that you might be able to direct our representatives to seriously consider these possibilities.

With sincere good wishes, I am

Sincerely yours,

J. J. PICKLE

JJP:ms
Enclosure

Reproduced at the Richard Nixon Presidential Library and Museum

Mexico, D.F.

May 13, 1971

Honorable J. J. Pickle
House of Representatives
Washington, D.C. 20515

Dear Congressman Pickle:

In accordance with my promise to you during your recent visit to Mexico City, I have spoken with former President Miguel Alemán about AMTRAK and the possibility of linking it with Mexican rail services.

Ex-President Alemán commented that such a link would benefit Mexican-American relations. He added that he believed in the revival of rail travel and that a tie-in between United States and Mexican railroads was important. As a specific possibility he mentioned continuing Mexican service now offered to Laredo on to Dallas using Mexican equipment. He said this had been done in the past and Immigration and Customs services could be performed on the train, and other problems might be worked out along the lines widely used in Europe. Ex-President Alemán thought the AMTRAK link would be important to the continued development of tourism in Mexico and would make it more convenient and attractive for Mexicans to travel to the United States. In Alemán's opinion, the service would receive a great deal of use. He strongly urged that the United States take action which would permit Mexican rail service to Dallas.

From our conversation it appears that you have a strong ally in Ex-President Alemán. I might add that I continue to be extremely interested in the possible AMTRAK link and would be willing to assist in every way possible from this end.

With best wishes.

Sincerely yours,

Robert H. McBride
Ambassador

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE
TN 4
EA 4
SP

THE WHITE HOUSE

WASHINGTON

July 3, 1971

MEMORANDUM FOR: THE STAFF SECRETARY
Attention: John Campbell

FROM: CHARLES COLSON WC

SUBJECT: Message on Surface Transportation

I would like to be advised of the disposition of legislation which is being considered for the deregulation of surface transportation. The President has talked about this on a number of occasions and I know that a plan or a message is in the works. I would like the opportunity to comment on it before it is decided to send it to the Hill. We are getting strong opposition from leading Members of Congress, including Jerry Ford and I would think that not only I, but MacGregor and Timmons should be asked to comment as well.

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE (5)
BE4
FG1
PU1-5
FG12
Gideon's Army
TN4

July 12, 1971

Mr. Philip W. Scott, President
The Budd Company
2450 Huntington Park Avenue
Philadelphia, Pennsylvania 19132

Dear Mr. Scott:

This week we are including excerpts of Secretary Connally's press briefing on the economy, as well as the Compilation of Presidential Documents, which includes a transcript of the President's briefing of media executives on domestic programs.

Peter Flanigan asked me to let you know that we have not forgotten about the passenger rail car problem raised in your letter of June 21 and are working on it.

Sincerely yours,

George Crawford
Staff Assistant to
the President

bcc: Mr. John Glancy

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE

TN4
IS
CM37

July 13, 1971

Dear Ben: Biaggini

Many thanks for your letter of May 24th enclosing copies of your testimony before the Sub-Committee on Freight Car Shortages.

Though I've been slow in answering your letter, we haven't been idle in trying to formulate some remedies for the railroads' current difficulties. We are still hard at work considering several different types of measures that would alleviate immediate railroad difficulties and give the nation's railroads a fairer chance to solve their own problems.

Your useful testimony supporting passage of S. 1731 was considered in formulating the position presented to the Sub-Committee in late June by Assistant Secretary Baker. As you know, Assistant Secretary Baker testified that there may be merit in an approach of S. 1731 but that it will be better to treat freight car shortages as one aspect of a broader problem requiring approaches of greater scope. Moreover, for the particular problem of freight-car supply, other measures besides Federal insurance for equipment obligations need to be evaluated. Revision of pricing to spread out seasonal peak demands for freight cars and changes in demurrage and per diem rates to encourage more efficient utilization of cars may be part of the answer. Undoubtedly part of the answer is for other railroads individually and on a national level to follow your example in creating systems similar to your Total Operations Processing System.

When we know more about the limits of these other possible ways of improving freight-car supply and when we have seen how far it

-4

Enclosures filed in
Oversize Attachments #6121

RECEIVED
JUL 14 1971
CENTRAL FILES

Reproduced at the Richard Nixon Presidential Library and Museum

will be possible to go on such things as rate flexibility, we will consider again the necessity of equipment obligation insurance along the lines of S. 1731.

With best personal regards,

Sincerely,

Peter M. Flanigan
Assistant to the
President

Mr. B. F. Biaggini
President
Southern Pacific Company
One Market Street
San Francisco, California 94105

Reproduced at the Richard Nixon Presidential Library and Museum

LETTER TO B. F. BIAGGINI

Dear Ben (?),

Many thanks for your letter of May 24 enclosing copies of your testimony before the Sub-Committee on Freight Car Shortages.

Though I've ~~taken a month and a half~~ been slow in answering your letter, we haven't been idle in trying to formulate some remedies for the railroads' current difficulties. We are still hard at work considering several different types of measures that would alleviate immediate railroad difficulties and give the nation's railroads a fairer chance to solve their own problems.

Your useful testimony supporting passage of S. 1731 was considered in formulating the position presented to the Sub-Committee in late June by Assistant Secretary Baker. As you know, Assistant Secretary Baker testified that there may be merit in an approach ~~something like that taken by~~ to S. 1731 but that it will be better to treat freight car shortages as one aspect of a broader problem requiring ~~legislative solutions~~ approaches of greater scope. Moreover, for the particular problem of freight-car supply, other measures besides Federal insurance for equipment obligations need to be evaluated. Revision of pricing to spread out seasonal peak demands for freight cars and changes in demurrage and per diem rates to encourage more efficient utilization of cars may be part of the answer. Undoubtedly part of the answer is for other railroads individually and on a national level to follow your example in creating systems similar to your Total Operations Processing System.

When we know more about the limits of these other possible ways of improving freight-car supply and when we have seen how far it will be possible to go on such things as rate flexibility, we will consider again

Reproduced at the Richard Nixon Presidential Library and Museum

the necessity of ~~Federal insurance of~~ insurance equipment obligations along the lines of S. 1731.

With best personal regards,

Sincerely,

Peter M. Flanigan
Assistant to the
President

Reproduced at the Richard Nixon Presidential Library and Museum

THE WHITE HOUSE

WASHINGTON

Date 5/26

TO: Jon Rose

FROM: PETER M. FLANIGAN

____ For your information

✓ For action

Please respond, review, report.

Blaney:

JR

cc:

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE
LA1-2
JL2
LA6-37
TN4
FG17
Kennedy Space Center

July 16, 1971

Dear Mr. Gray:

In response to your letter of July 14, 1971 in which you inquire as to whether the Office of the President is in possession of any records on the "Federal Inquiry Board on the Florida East Coast Railway Company Labor Dispute" we have attached xerox copies of the only material possessed by the White House.

Sincerely,

Noble Melencamp

Honorable L. Patrick Gray, III
Assistant Attorney General
Civil Division
Department of Justice
Washington, D.C. 20530

(Sent to the Attention of: Thomas J. Lydon
Chief, Court of Claims Section)

RECEIVED
JUL 19 1971
CENTRAL FILES

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE
PR13-2/Dunnellon
TNH

July 19, 1971

Dear Mr. Roberts:

President Nixon has received the copy of the resolution adopted by your organization. He appreciates your courtesy in letting him know ot this action.

Sincerely,

Michael B. Smith
Staff Assistant

Mr. L. O. Roberts
President
Town Council
City of Dunnellon
Post Office Box 456
Dunnellon, Florida 32630

FPD:djr

EPA

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE
LA6-37
TA4
FA6-8

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

July 19, 1971

MEMORANDUM FOR CENTRAL FILES

FROM JOHN CAMPBELL

SUBJECT Report on Railroad Stoppage Situation

Copies of the attached were sent to Chuck Perry and Jerry Warren.

RECEIVED
JUL 19 1971
CENTRAL FILES

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE
FA4
TN1
TN4
FG6-16

JULY 20, 1971

FOR PETER FLANIGAN

Attached is a memorandum from Cap Weinberger regarding the use of highway trust funds to construct grade crossings at and over railroads.

As John related to me, it is the President's feeling that using these funds in such a manner would create jobs, aid the railroads and provide a better use of earmarked funds.

John feels that Cap's reply is not totally in accord with the President's feeling and has asked that I contact you and request that you work with Cap to ensure that the President's intent is carried out.

Many thanks.

Tod R. Hullin

Attachment
Ε Weinberger memo of July 8 to Ehrlichman re Additional $500 Million for Federal-aid Highways

RECEIVED
JUL 21 1971
[illegible] FILES

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE
FA 4
TN 4

July 21, 1971

MEMORANDUM FOR PETER FLANIGAN
CASPER WEINBERGER

FROM: GEORGE CRAWFORD

SUBJECT: $500 million Highway Trust Funds

Under Secretary Beggs has sent a response to the four questions I asked Deputy Under Secretary Olson last week. He suggests that the $500 million be cleared and that the details of program implementation then be discussed. Because the answers to the questions do not seem to reflect adequately the President's priorities, I would suggest that these details be resolved before the $500 million is cleared.

In summary of the attached memorandum, DoT asserts:

1. The required 10 percent railroad contribution to construction costs should not be relaxed. However, DoT does not explain why the 10 percent ceiling established by the statute has been made a floor where there is any benefit to the railroads; or why the maintenance obligations undertaken by the railroads for safety equipment should not be counted toward the 10 percent.

2. DoT does not answer the question whether it could indicate publicly its willingness to grant applications to add roads to the secondary system; I assume that they could do this if they were willing. DoT says it is impossible to estimate how many additions could be

Reproduced at the Richard Nixon Presidential Library and Museum

anticipated; surely they could try. DoT says most relatively high-hazard railroad crossings are already on the federal aid system; according to the OMB memorandum this is simply wrong. Only 6,000 high-hazard grade crossings are on the system and only 45,000 of the total 225,000 crossings are on the system. Fixing all high-hazard crossings which need it would cost over $500 million.

3. DoT says only $50 to $100 million should be spent on railroad grade crossings (half or less than the OMB estimate) and recommends that no specific amount of the $500 million be earmarked for that purpose. It is not even clear that the $75 million they recommend would be an increase in the funds they already plan to spend for this purpose. This seems inadequate.

4. DoT suggests that it be given free rein to use its discretion in targeting funds to high unemployment states.

I would suggest that we obtain better answers to these questions and more specific assurances that the $500 million will be spent as we wish before releasing the funds. Perhaps a meeting between yourselves and Secretary Volpe would be indicated at this point.

cc: Mr. Tod Hullin

Reproduced at the Richard Nixon Presidential Library and Museum

Date: 7/21/71

BBI

TO: Central Files

FROM: John Campbell

For your information _____

Comments:

sent to:
C. Perry
J. Warler
B. Timmons

RECEIVED
JUL 21 1971
CENTRAL FILES

EXECUTIVE
LA6-37
TN4
FG6-8

(2)

REPORT ON RAILROAD WORK STOPPAGE

July 21, 1971

Prepared by:
Executive Office of the President
Office of Emergency Preparedness

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE (2)
LA6-37
TN4
FG6-8

BBT

REPORT ON RAILROAD WORK STOPPAGE
July 23, 1971

Prepared by:
Executive Office of the President
Office of Emergency Preparedness

1971
FILES

Reproduced at the Richard Nixon Presidential Library and Museum

EXECUTIVE
LA6-37
TN4
TN
FG6-8

BB1

REPORT ON RAILROAD WORK STOPPAGE
July 27, 1971

Prepared by:
Executive Office of the President
Office of Emergency Preparedness

Reproduced at the Richard Nixon Presidential Library and Museum